SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	5-Apr-13	12-Apr-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,438.83	8,545.10	1.26%	9.19%	13.78%	15.31%
Egypt	CASE 30	5,032.72	5,231.47	3.95%	16.42%	-4.23%	-4.18%
Ghana	GSE Comp Index	1,753.67	1,763.50	0.56%	0.44%	46.99%	44.26%
Ivory Coast	BRVM Composite	192.94	191.41	-0.79%	-5.34%	14.91%	7.05%
Kenya	NSE 20	4985.68	4985.68	0.00%	2.50%	20.63%	25.12%
Malawi	Malawi All Share	6,354.69	6,337.45	-0.27%	39.77%	5.35%	26.35%
Mauritius	SEMDEX	1,910.30	1,913.86	0.19%	-2.05%	10.50%	10.68%
	SEM 7	380.00	381.03	0.27%	-1.97%	12.97%	13.16%
Namibia	Overall Index	942.00	946.00	0.42%	11.88%	-4.08%	-1.15%
Nigeria	Nigeria All Share	34,301.30	34,301.30	0.00%	0.43%	22.16%	22.00%
Swaziland	All Share	289.42	289.42	0.00%	12.18%	1.31%	4.72%
Tanzania	DSEI	1,527.58	1,524.77	-0.18%	2.12%	2.63%	4.63%
Tunisia	TunIndex	4,728.97	4,665.84	-1.33%	-3.37%	1.88%	-2.04%
Zambia	LUSE All Share	4,194.46	4,076.88	-2.80%	6.57%	9.44%	16.16%
Zimbabwe	Industrial Index	185.19	188.32	1.69%	1.69%	23.57%	23.57%
	Mining Index	65.99	65.75	-0.36%	-0.36%	0.97%	0.97%

CURRENCIES

Currency	5-Apr-13 Close	12-Apr-13 Close	WTD % Change	YTD % Change
BWP	8.14	7.95 -	2.31	3.94
EGP	6.78	6.85	1.04	13.11
GHS	1.87	1.93 -	0.41	1.35
CFA	507.36	508.86	0.30	2.73
KES	84.58	83.25 -	1.58 -	2.74
MWK	375.11	388.42	3.55	21.00
MUR	29.82	29.88	0.20 -	2.19
NAD	9.16	8.80 -	3.89	3.90
NGN	156.98	156.88 -	0.06	0.50
SZL	9.18	156.88 -	3.88	4.32
TZS	1,580.60	1,583.68	0.19	0.55
TND	1.58	1.59	0.68	2.55
ZMK	5.36	5.33 -	0.54	2.74

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News this week

Economic News

The European Union's foreign policy chief met Egyptian President Mohamed Mursi on Sunday to encourage the country's feuding political leaders to seek a national consensus in tackling mounting economic and political problems. "This is a critical time for Egypt's transition. The country is facing huge economic and political challenges," Catherine Ashton said in a statement before the talks. Her visit comes as Egypt is in the midst of long-delayed negotiations with the International Monetary Fund on a $4.8 billion loan needed to cope with a growing economic crisis. Foreign currency reserves have dwindled to less than three months' imports, the Egyptian pound has lost nearly 10 percent against the dollar this year and there are warnings of power cuts and fuel shortages this summer. "More than ever, Europe - as a partner and neighbour - has to support Egypt in its move towards deep and inclusive democracy. I will work hard in Cairo to engage with all parties to help build confidence and find common ground on both political and economic issues," Ashton said. She was due to meet six main opposition leaders later but EU diplomats said the prospect of a dialogue between the Muslim Brotherhood-led government and its liberal and leftist opponents had dimmed after recent political violence. The opposition accuses Mursi of seeking to monopolise power and muzzle independent media and civil society using the public prosecutor, the security forces and a controversial draft law to regulate non-government organisations. Mursi's supporters say the opposition is trying to undermine his legitimacy and encouraging violence by refusing dialogue, threatening to boycott forthcoming parliamentary elections and broadcasting hostile propaganda. The United States, which gives Egypt about $1.5 billion in annual aid, directed its sharpest criticism so far at the Islamist-led authorities last week, citing a "disturbing trend of growing restrictions on freedom of expression". The European Parliament, in a non-binding resolution, urged the EU in March "not to grant any budgetary support to the Egyptian authorities if no major progress is made regarding respect for human rights and freedoms, democratic governance and the rule of law". EU officials have said that if Egypt reaches a deal with the IMF, it can expect an additional $500 million in financial support from the EU and a similar amount from the United States. *(Reuters)*

Egypt will cancel a tax on stock dividends and investment gains from takeovers and will return revenue already levied on one bank tie-up, a government official said on Monday, after protests by investors in the country's struggling equity market. Egypt has suffered two years of political chaos and economic decline since the ousting of President Hosni Mubarak and is struggling to rein in a soaring budget deficit. Policy reversals, delays in cutting hefty state subsidies and failure to secure a much-needed IMF loan have drained the confidence of investors. Egypt's currency lost 9 percent against the dollar in the first three months of 2013 on the official market. The country's main stock market index is down 6.5 percent this year. The Islamist-led government shocked foreign investors last month when it imposed a 10 percent tax on investment gains from the takeover by Qatar National Bank (QNB) of local lender National Societe Generale Bank. It had unveiled the tax plans in December as part of austerity measures to control a soaring budget deficit, but had given no indication when it might be applied. The tax authority only imposed the tax on the QNB bid after the country's financial regulator approved the deal and at the end of the bidding process. "Parliament's economic and financial committee has decided to cancel the tax plans on dividends and takeover gains," Abdullah Shahata, an aide to the finance minister, told Reuters. Investors who committed their NSGB shares to the takeover would redeem what they paid in tax on the deal, he said.

Shahata said members of parliament had decided the taxes would have a "negative effect on the investment climate in Egypt". The surprise tax decision hit NSGB stock, making QNB effectively overpay. The Qatari lender committed 38.65 Egyptian pounds per share for NSGB, which at the time represented a small premium. On Monday, NSGB stock was worth 27 pounds. Gulf oil producer Qatar is a major investor in

Egypt. It granted Cairo a $2 billion loan in December. QNB said in December it planned to buy only the 77 percent stake in NSGB held by France's Societe Generale, but in February Egypt's regulator gave its approval on the condition that the Qatari lender buy 100 percent of NSGB. Egypt is in talks with the International Monetary Fund over a $4.8 billion loan, hoping to boost foreign reserves from a critically low $13.4 billion reached in March. *(Reuters)*

The Egyptian Minister of Planning Ashraf El-Araby said on Wednesday that Egypt expects to agree with Qatar on "final steps" to import gas from the Gulf Arab state. *(Egypt.com)*

Egypt's urban consumer inflation eased to 7.6 percent in the 12 months to March, from 8.2 percent in the 12 months to February, Egypt's statistics agency CAPMAS said on Wednesday. *(Reuters)*

Libya will give Egypt a $2bn five-year, interest-free loan under an agreement signed on Wednesday, the Egyptian state news agency MENA reported. It quoted a finance ministry official as saying the loan would have a three-year grace period and was intended "to support the Egyptian economy and the state budget and foreign currency reserves". The official said the money was expected to arrive next week. Earlier in the day, Qatar agreed to give Egypt $3bn more in aid by buying Egyptian government bonds. That agreement was announced during a visit to Doha by Egyptian Prime Minister Hisham Kandil. Both deals came as Egypt is in the midst of negotiations with an International Monetary Fund delegation for a $4.8bn loan which, unlike the Arab aid, would come with policy conditions including reform of subsidies and tax increases. MENA quoted the official as saying the Libyan deal would strengthen Cairo's hand in the IMF talks. *(Reuters)*

Egypt owes at least $5 billion to oil companies, half of it overdue, corporate reports have revealed, in a development highlighting the country's struggle to meet soaring energy bills while subsidising prices to avoid public unrest. Egypt has been delaying payments to firms producing oil and gas on its territory as it has struggled with dwindling currency reserves, rising food bills and sliding tourism revenues since the 2011 revolution that overthrew Hosni Mubarak. Most oil firms hope to recoup the debts in full, but they acknowledge it could take years. While they are still planning to invest in new projects in Egypt that will help it avoid an energy meltdown, the debt situation remains a challenge. The government's delay in paying its debts to oil and gas producers could hold back investment in the sector and potentially endanger Egypt's energy security. "The delays in payments to the operators end up hurting Egypt itself as a potential decline in investment and production may lead to lower government revenues and a supply gap, in a potential vicious circle," said Maji Jafar, managing director of the board of Dana Gas. Dana is owed $230 million by Egypt in overdue payments for gas supplies and says it is in active dialogue with the government over the debts. Financial disclosures by firms such as BP, BG, Apache, Edison and TransGlobe Energy show Egypt owed them more than $5.2 billion at the end of 2012. BP was owed $3 billion as of the end of 2012, of which around $1 billion was overdue. BG was owed $1.3 billion, of which $600 million was overdue. Edison has $400 million overdue, followed by TransGlobe and Dana with over $200 million each. Egyptian officials have never disclosed debt figures and have challenged estimates ranging between $7-$9 billion. Egyptian officials and oil company sources say some debts are being repaid but the scale and speed are unknown. At the end of December, Egypt owed TransGlobe, a small Canadian oil explorer, $220 million. Company officials declined to give the current number, saying it will be detailed in first quarter financial results in early May. The company has stakes in five concessions in the country. Since the revolution, the government has been making its payments for oil after about 8-1/2 months on average, which is about a month longer than was the situation before, Chief Financial Officer Randall Neely said. "It's always an ongoing dialogue ... with them to make sure we are a priority to get paid so that we can continue to function appropriately in the country and grow production," Neely said. "I wouldn't say it's shaken our confidence in terms of working in the country. We continue to be positive in terms of our ability to get things done and the opportunity set within the country," he said.

Foreign companies dominate the energy sector in Egypt, Africa's top oil producer outside OPEC and its No.2 gas producer after Algeria. Output has been in decline in recent years. January oil production fell 3 percent year-on-year, according to government data, while gas output fell 9 percent. Oil output was the lowest in three years and gas output the lowest in five years, according to the Middle East Economic Survey. Egypt's oil use has risen by a third in the past decade, and exceeded oil output since 2008. Driven by population growth and energy subsidies, which account to $15bn a year or a quarter of the budget, Egypt's gas use has nearly doubled over the last decade to nearly match production, thus limiting exports and hard currency revenues. The Egyptian economy has been in crisis since the overthrow of Mubarak in 2011, with President Mohamed Mursi grappling with a weak economy and street protests. Rating agency Moody's puts chances of a default at 10% within one year. Some companies say they will have to wait for years before recouping the debts. BG said it expects to fully recover $1.3bn by the end of 2015, under a recent deal pegged to oil and gas production levels. As political and economic conditions deteriorate, some have taken precautions. Apache has purchased a multi-year political risk insurance from the Overseas Private Investment Corp and other insurers to cover Egyptian risks. "These insurance policies provide approximately $1 billion of coverage to Apache for losses arising from confiscation, nationalisation, and expropriation risks, with a $263 million sub-limit for currency inconvertibility," Apache said. It also has a $300 million coverage with OPIC for losses arising from non-payment on past invoices. "The coverage was critical to Apache's ongoing investment in Egypt," said OPIC.

Oil companies say output declines will be reversed as investment rises, despite the debt challenges. Apache, the largest oil producer in Egypt, plans stable investment in Egypt for 2013 at over $1bn. "We have not missed a day of production since the revolution began in January 2011. We believe the Egyptian government understands the value of our contribution, especially at a time when other sectors of the economy are struggling," spokesman Bill Mintz said. Other major players also say investment will remain stable or even rise despite the government caps on gas prices, which are below U.S. prices and are a fraction of EU prices. "There's been no impact on production, or investment decisions," said a BP spokesman. Apache, BP and Edison did not comment on the debts owed to them by Egypt. BP however identifies Egypt as a major development area as it is planning to start drilling 18 wells as part of the $13bn West Nile Delta project, which will ultimately produce enough gas to meet around a fifth of Egypt's demand. BG and partner Petronas have also sanctioned $1.5 billion in new gas investments. The government hopes to eliminate energy subsidies within five years, which could make its gas market attractive. Egypt's ministry of investment has said the energy sector will see a rise in investment in 2013 from $8.2 billion in 2012, which was down $400 million on 2011. *(Reuters)*

Egypt has made progress in talks with the International Monetary Fund (IMF) on a $4.8bn loan and will continue negotiations next week, Finance Minister Al-Mursi al-Sayed Hejazy said on Thursday. "Talks are continuing with the delegation. There is progress," Hejazy told reporters after a round of talks with IMF officials. Discussions are "going in the right direction", added Hani Gadra, a finance ministry official. Neither elaborated. An Egyptian government spokesman also said new aid from Qatar and Libya worth $5bn, unveiled on Wednesday, would not "affect the government's determination....to reach a deal with the IMF," according to a statement. After two years of political upheaval, foreign currency reserves have fallen to critically low levels, threatening Egypt's ability to buy wheat, of which it is the world's biggest importer, and fuel. President Mohamed Mursi's government initialled a deal with the IMF last November but postponed ratification in December in the face of unrest triggered by a political row over the extent of his powers. In the talks, Cairo must convince the IMF it is serious about reforms aimed at boosting growth and curbing an unaffordable budget deficit. That implies tax hikes and politically risky cuts to the generous system of state subsidies for fuel and bread. On Wednesday, Qatar said it would buy Egyptian bonds worth $3 billion, coming on top of some $5bn the wealthy Gulf state has already provided to Cairo. In addition, Libya will grant a $2bn 5-year interest-free loan to Egypt, Egyptian state news agency MENA said on Wednesday. *(Reuters)*

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TRADING

Ghana

Corporate News

Tema Oil Refinery (TOR) is expected to have regular supply of crude following recent negotiations between Ghana and Nigeria. There has been a concern over the irregular supply of crude oil to the refinery which over the years has led to constant closure of the refinery. At full capacity, the refinery in a month needs about one million barrels of crude to operate. This will be at a cost of $120 million. The state refinery in January secured $30 million from government for its plant sustainability and profit enhancement programme. President John Mahama speaking at the national thanks giving ceremony at the Independence Square in Accra on Sunday revealed that his recent visit to Nigeria was to negotiate for regular supply of crude among others to power the refinery. "I had to travel to Nigeria to ensure we had a continuous flow of gas to power the many thermal plants that operate on gas as soon as the repair of the West African gas pipeline is completed later this month." "I also went to arrange for regular supply of crude to our refinery when it restarts," he added. *Bloomberg)*

Economic News

Policy Think Tank IMANI Ghana says its seven-hour inspection tour of the Ghana gas project shows it is about 66 percent away from completion. IMANI Ghana, in its initial report of the inspection of the Early Phase Gas Infrastructure Project (EPGIP) in the Western regional capital Takoradi and Atuabo said it believes the "overall project is 33% complete". The Plant will enable safe commercial delivery of processed gas from Atuabo to the Aboadze-based Takoradi Thermal Processing Plant (TTPP). It will also facilitate the transport of LPG from the same site to Domunli for onward evacuation to Accra by sea vessels. The source of the gas will be the Jubilee oil fields in the same region. An onshore pipeline will carry the gas first to the processing plant a few meters off the coast, and then to the power plant at Aboadze. IMANI noted in the report that: "At the current rate of completion we believe the project will be ready to deliver gas for power production in Ghana sometime in early 2014", adding that: "The project may still be fast-tracked for completion by end of 2013 if the flow of funds were to be assured for any such acceleration". IMANI Ghana said from its investigations: "The modular plant requires 20 months of fabrication and engineering, which makes it unlikely, despite recent reports, that it can be completed and shipped before the third quarter of this year.

These include everything from car parks, staff quarters, fire-fighting installations, boreholes, reverse osmosis equipment to treat water, power plants, connections to the main grid, communication systems (a fibre-optic line is being laid alongside the online gas pipeline), LPG tanks, security systems, completion of outstanding earthworks and sub-structural elements, cooling equipment for the storage decks, and the frontend engineering for the landfalls which is the point where the gas from Jubilee shall be fed into the processing plant in Atuabo". It remarked that: "With the exception of the earthworks and foundational/sub-structural developments, the other components of the site preparation to receive the gas processing modules are outstanding". It however acknowledged that: "The completion of the modular plant and its shipping from Canada represents a hard limitation on the speed with which the on-site activities in Atuabo can be accelerated" and mentioned that the Contractor, Sinopec, "has currently not ramped up manpower on the sites". The report also stated that: "In addition to the Gas Processing Plant site, work has started on the other components of the early Phase Gas Infrastructure Project (EPGIP). As part of the EPGIP, Sinopec is putting up a metering and regulating station in Inchaban, Takoradi near the Aboadze power station". The facility shall measure and regulate the flow of the processed gas coming from the Atuabo plant before it is fed into the power plant. IMANI Ghana also reports that early stage earthworks could be seen at the site of the metering station. "The critical Esiama Distribution Station; the Domunli LPG tank farm, 20km from Atuabo, which shall be fed by another 20-inch pipeline with LPG isolated from the gas treated at the Atuabo plant; and the Amansuri basin LPG take-off points, are some of the other major outstanding components of the EPGIP that are at the very initial stages of construction", the report noted. It admitted that: "Of all the components of the project, it is the pipeline system that most justifies the confidence of the engineers". The onshore pipeline measuring about 111 kilometers from Atuabo through Pumpuni to Aboadze is about 65% to 70% complete, and accounts for the bulk of project work completed to date. The report however revealed that: "One curious area of confusion in determining the state of project execution is whether remote monitoring of the pipeline is planned". It said the engineers are confident that this is not necessary since the pipeline is not as lengthy as those found in some parts of the world. IMANI however says: "The absence of continued remote monitoring might delay efforts to investigate and mitigate a suspected leakage". It said: "Another area of interest is pressure management", saying: "The engineers were of the opinion that the length of the pipeline and the quantity of gas being transported suggest minimal pressure challenges". The pipeline has been designed to carry about 400 million cubic feet of gas. *(Ghana Web)*

Ghana's mining sector, one of the largest contributors to Government revenue, accrues about US$2 billion annually as part of the Gross Domestic Product. The sector also provides about 17.5 per cent of total tax earnings, 27.6 per cent of revenue and employs about 1,282,000 people in the country with one million from small-scale mining and the remaining 282,000 from the large-scale mining. Mr. Ernest Afrifa, a lecturer at the Department of Environmental Science at the University of Cape Coast (UCC) disclosed these at a day's seminar organized by the Fisheries and Aquatic Science Society (FASS) of UCC school of Biological Sciences. The event formed part of FASS of UCC week celebration on the theme: "the impact of mining on aquatic ecosystem and emerging issues for the aquatic scientist". Mr. Afrifa said the mining involved large-scale multinationals, operators of the small-scale and the artisanal, popularly called galamsey in the country. He said that galamsey activities were negatively affecting people living in mining communities and the country at large. Mr. Afrifa said 75 per cent of major rivers in the country, which hitherto did not need serious treatment, were now unsafe as a result of rigorous mining activities.
He cited as example, the 147 of the 160 streams and rivers in the Obuasi mining area as well as about 117 rivers and streams in Tarkwa were all highly polluted as a result of galamsey and mining activities. Mr. Afrifa asked mining companies to make water protection a top priority and advised that mining activities should be regulated and reduced to save Ghana's water bodies for posterity. Mr. Theophilus Boakye-Yiadom, a project officer of Friends of the Nation, a non-governmental organisation, called on the National Service Secretariat to post students with Fisheries and Aquatic background to the Ministry of Fishery and Aqua-Culture Development to be able to gain more experience on the field. He also called on the Jubilee Partners to consider people with fishery and aquatic background when they are recruiting people as Fishery Liasons. Mr. Boakye-Yiadom advised students in the school of Biological Sciences to consider fishery and aquatic science as a better alternative when they are specializing in their field of studies because there are a lot of opportunities awaiting them after school. *(Ghana Web)*

Ghana's economy grew by a revised 7.9% in 2012 led by the services sector, the Ghana Statistical Service said on Wednesday. In nominal terms, the revised Gross Domestic Product estimate for 2012 was GH¢73.1 billion compared with a provisional estimates of GH¢71.8 billion for the same period announced in September 2012. The services sector recorded the highest growth of 10.2%, followed by industry 7%, with agriculture recording the lowest growth of 1.3%. Dr Philomena Nyarko, Acting Government Statistician, said the services sector remained the largest contributor to GDP with a share of 50%. Industry comes in second with 27.3% while agriculture contributed 22.7%. Construction and Electricity sub sectors recorded relatively high growth rates of 11.2% and 11.1% respectively in the industry sector while mining and quarrying recorded 5.0% growth. Manufacturing grew by 5.0% and water by 2.0%. "Though solid minerals grew significantly as well as crude oil production, drastic reduction in investment in the development of oil wells in 2012 compared to 2011, contributed to the low growth of the Mining and Quarrying subsector," Dr Nyarko said. In the services sector information and communications subsector and Finance and insurance subsector recorded growth rates of 23.4% and 23.0% respectively. Real estate, Professional, administrative and support service activities subsector grew by 13.1% while hotels and restaurants subsector added 13.0%. All the other subsectors recorded growth below 10%. Meanwhile, the GDP estimates growth for 2011 had been reviewed upwards to a record growth rate of 15.0%. Upward revisions were made to the estimates of the manufacturing subsector and Transport and Storage subsector, with downward revisions to the construction and Trade subsectors.*(Ghana Business News)*

Ghana's new central bank chief said on Wednesday he stood ready to vigorously defend price stability in the African oil producer but believed inflation would slip back to single digits by mid-year while the cedi currency remained "broadly stable". In his first interview since taking office last week, Bank of Ghana Governor Henry Kofi Wampah said the primary focus of his five-year term would be achieving price stability in the West African nation, which started pumping oil three years ago. "I intend to vigorously deal with all threats that would prevent us from achieving this target," the 58-year-old economist told Reuters. He said the central bank was seeking powers to punish those flouting foreign exchange restrictions. "My legacy should be the achievement of our macro-economic stability objectives, stable inflation rates and broadly stable exchange rates." Ghana's annual consumer price inflation hit 10% in February for the first time since June 2010, rising above the mid-point of the central bank's inflation targeting band two percentage points either side of 9%. Speaking as part of a Reuters Africa Investment Summit, Wampah said it was too early to say what the central bank would decide at the next session of its rate committee in May. "The rise in inflation we saw in February was temporary so events in the coming months will indicate what will unfold at the next meeting," he said. Wampah said February's rise in inflation was expected after a cut to fuel subsidies. "There was a clear indication that inflation would go up at the end of the first quarter and will trend down by half year as the harvest season sets in so we are not worried," he said. Increased oil production this year should cushion Ghana against the risks of unfavourable commodities prices, he said. Wampah said the cedi currency should remain "broadly stable" in 2013 versus last year: "There are seasonalities that might drive the currency to fluctuate but I don't believe we'll see the type of depreciation we had last year." The cedi plunged nearly 18% in the first half of 2012 as imports rose to feed a booming economy, prompting the central bank to introduce banking and foreign exchange restrictions. Wampah said the controls would remain in place for some time. The Bank of Ghana is seeking an amendment to foreign exchange regulations to allow it take punitive action against any infringement, he said. "Our target is that by the end of this year, we will pass it through cabinet and then to parliament for passage because if you do that quickly it'd be able to address some of the constraints within the foreign exchange environment." *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Nakumatt Holdings Ltd., the biggest retail chain in East Africa by outlets, is seeking to raise as much as USD 50m to open new stores over the next 4 years, Managing Director Atul Shah said. Nakumatt, which has 40 outlets across Kenya. Uganda, Tanzania and Rwanda covering a floor space of 1.5 million square feet, wants to open an additional five stores and expand into two new countries, Shah said in an interview last week in Nairobi, the Kenyan capital. Nakumatt, based in Nairobi, sells a range of products from furniture to electronics. "We are in the process of opening four additional stores in Uganda and one more in Kenya and intend to use part of the funds to enter new markets with immediate targets being South Sudan and Burundi," Shah said. The retail chain, founded by the Shah family in 1987, is looking to raise funds either from private equity companies or local and international financial institutions, Shah said. It may also enter into a partnership with other retail chains in exchange for a stake. "We are evaluating the best financing model to adopt," Shah said. He declined to identify the parties involved in discussions. Nakumatt expects its sales for the 12 months through February 2013 to be higher than the $450 million it reported the previous year. "The additional seven stores we opened last year and a 17 percent increase in sales over the festive period has boosted our turnover," said Shah. Nakumatt opened its 40th branch in Thika Town, Kenya, in February. *(Bloomberg)*

Kenyan oil marketer KenolKobil posted an 8.96 billion shilling pretax loss in 2012 from a 4.93 billion shilling profit the previous year, it said on Monday. "The most significant impact on performance came from realised foreign exchange loss of 4.2 billion shillings during the year," KenolKobil said, citing hedging contracts entered in late 2011. The company posted a profit warning in March. *(Reuters)*

Kenya Airways, sub-Saharan Africa's third-biggest carrier, will begin operating low-cost carrier JamboJet later this year even as a failure to hit a fundraising target forced it to revise an expansion plan. The carrier tore up its first business plan for JamboJet after deciding it needed more time to learn how to run a budget airline, Chief Executive Officer Titus Naikuni said in an interview last week. A revised version is now almost ready and will soon be voted on by the board. "If the board approves, we see ourselves getting started sometime this year" on JamboJet, Naikuni said at the airline's headquarters in Nairobi. The new low-cost service will help Kenya Airways compete with FastJet Plc (FJET), the project backed by billionaire airline entrepreneur Stelios Haji-Ioannou that is intended to be the first pan-African budget airline. Kenya Airways said last year it plans to raise $3.6 billion over the next 10 years to fund expansion that includes increasing its fleet to 107 aircraft and more than doubling its routes to 115. An initial 20.7 billion shilling ($244 million) rights offer last April was under-subscribed, raising just 14.5 billion shillings. The setback forced the company to cut the plan to five years while it decides on how best to raise the next round of funding, Naikuni said. "This plan is reviewed every year. We are looking at all options that are available to us: bonds, maybe another rights issue." Kenya Airways currently flies to 59 destinations worldwide, of which 47 are in Africa. It has 38 aircraft, with an order for an additional 31 over the next three years, and carries 3 million passengers a year, according to its website. Naikuni may be named as a Cabinet secretary by Kenyan President Uhuru Kenyatta, Nairobi-based Daily Nation said today without citing anyone. Kenyatta was sworn in as the country's fourth president yesterday. *(Bloomberg)*

KenolKobil's stock at the Nairobi Securities Exchange plummeted to a 15-month low on the first day of trading since the company announced a Sh6 billion loss on Monday. The counter, the only loser among the day's top movers, witnessed selling pressure as investors moved to offload the stock following the release of the poor financial results for 2012 with the share price dropping to Sh9.05. Market analysts are however optimistic that the stock will not fall further given that the oil marketer is still in the profit-making zone and is bound to rebound in future. "There will be some resistance as some people might want to buy it (the stock) at this level. It is generally a profitable company but last year wasn't so good for the oil marketers," an ABC Capital official said. The stock closed trading at Sh9.7. Following a failed takeover bid by Puma Energy, the oil marketer is currently pursuing strategic options, including the search of a potential long-term strategic investors to secure and grow the value of its share.

Industry experts say that the tight regulation of the sector by the Energy Regulatory Commission is what has partly caused the sector to report lower earnings. Some say the pricing formula used by the ERC leaves very small margins for the operators. KenolKobil's gross margins fell to 2.2% from 5.5%, with expensive inventory carried in its books having a negative impact on margins. "Management is further reducing inventories and pursuing higher margin business lines in the Kenyan operations," Standard Investment Bank analysts said. Total, one of its competitors, reported a Sh202 million loss in the same year, a result that has also subjected its share at the bourse to selling pressure. Total blamed the loss on settlement of a claim in a legal case filed against it in a London court. Led by National Oil Corporation (Nock) and Vivo Energy, oil marketers have in the past week announced a reduction in the price of diesel in separate attempts to attract and retain customers as competition intensifies in the sector. Nock cut its diesel prices by Sh2 while Vivo, the company that operates Shell, sliced Sh3 off its diesel pump price.*(Daily Nation)*

Kenya Commercial Bank , east Africa's biggest bank by assets, plans to improve returns for shareholders by stepping up lending to fast-growing small and medium sized businesses, its chief executive said on Wednesday. Joshua Oigara told the Reuters Africa Investment Summit that the bank, which lags the returns of some rivals like Equity Bank , aimed to lift its return on assets to 4.5-5.0% this year from 3.6% in 2012, and higher the year after. To do this, it will invest in technology platforms and increase its share of high-margin business lines, such as those targeting small and medium-sized firms (SMEs). Currently, around 40% of Kenya Commercial Bank's (KCB) lending business is focused on major companies, 30% on personal loans and 15% on mortgages, with the remainder going to SMEs. "What we would like to enhance is our SME and micro-SME sector from 6% to 10-15% in the mid-term. That is how we see ourselves unlocking the potential," Oigara said on Wednesday. Oigara said KCB's loan portfolio of 200 billion shillings ($2.4 billion) last year would expand by close to 20% this year, driven by energy, retail and real estate lending. Apart from Kenya, accounting for 90% of earnings, KCB operates in Uganda, Tanzania, South Sudan, Rwanda and Burundi. Their contribution to pretax profit is expected to climb to 13-15% this year from 8% in 2012, Oigara said. He said there was room for KCB to expand in its international markets. In South Sudan, a country of about 8-9 million people, the bank has fewer than 300,000 customers, but plans to add five branches to its network of 20, he said "Next year we want to go into more markets," Oigara added. "Democratic Republic of Congo remains a key focus for the group. We are keen on Ethiopia. We are keen on Somalia and also the southern Africa area." Kenya could also get an economic boost following a peaceful election after violence marred the last one five years ago, he said, adding the main risks to the economy were external, such as higher oil prices that would hurt the country as an importer. Surging oil prices in 2011 sent inflation soaring, forcing a sharp rise in lending rates, which in turn pushed up bad loans. Oigara said KCB aimed to cut non-performing loans to 5.5% of the portfolio from 6.1% in 2012. Despite such challenges, Oigara said east Africa remained buoyant and pointed to the bank's Burundi business which turned a profit in 2012 after launching in May that year. "Africa is no longer the continent which was dark where you couldn't get guidelines, regulations to support your business," he said. "We are much more open today." *(Reuters)*

Kenya Commercial Bank is seeking to become the first lender in the country to open foreign subsidiaries in Ethiopia, Somalia and the Democratic Republic of Congo. The bank Thursday told Reuters that it will next year widen it international business to include entire Eastern Africa and southern Africa markets. This is informed by the lender's bid to reduce its reliance on the Kenyan market, which accounts for 90 per cent of the bank's earnings. "Next year we want to go into more markets," the CEO, Joshua Oigara, told the Reuters Africa Investment Summit. "Democratic Republic of Congo remains a key focus for the group. We are keen on Ethiopia, Somalia and also the southern Africa area." The bank, which is the only Kenyan lender to have a presence in the five countries that make the East Africa Community, plans to deepen its presence to 20 branches from the current 15. Besides Kenya, KCB operates in Uganda, Tanzania, Rwanda and Burundi and South Sudan—which is the most profitable market of the foreign subsidiaries. Its contribution to pre-tax profit is expected to climb to 13-15 per cent this year from eight per cent in 2012, Oigara said. The Burundi operation is said to have turned a profit in 2012 after launching in May that year. Its top rival Equity Bank has shelved plans to open subsidiaries outside East Africa until its current foreign divisions start generating at least a quarter of its income from the current 13.5 per cent. The bank has been keen to establish a Pan-African operations and last year mentioned plans to raise funds through a secondary public share offer to enter central, western and Southern Africa market.
"We want to pause a bit and look at our subsidiaries to help them contribute at least 25 per cent of revenues," Equity Bank CEO James Mwangi told the Business Daily on the sidelines of the lender's AGM on March 27.

Profits from KCB's foreign subsidiaries increased 8.3 per cent to Sh1.2 billion in the year to December as those of Equity Bank nearly doubled to Sh1.08 billion from Sh552 million in the same period. Kenyan firms are racing to open subsidiaries in the EAC countries with banks following suit. It has also caught the eye of CfC Stanbic Bank, Co-operative Bank and DTB. But KCB will be the first lender to eye markets outside the EAC market. In Ethiopia, it will be taking advantage of Addis Ababa's move to allow Kenyan lenders to open representative offices—which allows local banks to lend but not gather deposits. Ethiopia restricts foreign investors from venturing into the telecommunications, banking, media, retailing, insurance, and electricity sectors, but allows outsiders participation on a selective basis. Besides opening new subsidiaries, KCB plans to improve returns for shareholders by stepping up lending to fast-growing small and medium sized businesses. Currently, around 40 per cent of KCB lending business is focused on major companies, 30 per cent on personal loans and 15 per cent on mortgages, with the remainder going to SMEs.*(Business Daily)*

NIC Bank has set aside Sh608 million to inject in its Tanzanian subsidiary through a rights issue slated for mid this year and also buy more shares of the lender. The cash call will see NIC raise its shareholding of the Tanzanian unit above the current 51 per cent, the Nairobi Securities Exchange (NSE) listed lender has disclosed in its annual statement. The Tanzanian subsidiary has planned to raise an additional capital of Sh468 million (Tsh8.5 billion) through the rights issue, which implies that NIC will require about Sh234 million to take up all its rights. The mid-sized Kenyan lender has, however, also set aside an additional Sh374 million to buy more shares of its Tanzania subsidiary. "The board of directors approved the acquisition of additional shares from existing shareholders, and the take-up of rights that are not exercised by existing shareholders. This brings the total additional investment in NIC Tanzania to Sh608 million," said the board in the statement. NIC Bank Tanzania is not listed on the Dar es Salaam Stock Exchange. The bank's stock is trading at Sh53 at the NSE, up 26.95 per cent in the past three months. NIC Group includes an insurance firm, stockbrokerage, investment banking and bank operations in Kenya, Tanzania and Uganda. The group posted an after-tax profit of Sh3 billion with the Tanzania business contributing Sh103 million to the basket, a drop from Sh109 million earned in the previous year. The rights issue is expected to conclude by end of June. Funds raised would finance branch expansion, with the target being to reach more small and medium-sized enterprises. In Kenya, the lender has a strong base in corporate banking and asset financing. NIC Bank ventured into Tanzania in 2009 by acquiring a 51 per cent stake in Savings & Finance Commercial Bank, which it later renamed in line with the group's brand. The bank has two branches in Dar es Salaam and one in Mwanza, Arusha and Kahama. Plans by the group to firm its foothold in Tanzania are in line with its overall strategy of an increased regional presence. Last year, NIC raised Sh2 billion in a rights issue, with part of the capital being used to start new operations in Uganda. The group has already registered the business name NIC in Rwanda and Zambia, with the management stating that they were waiting for any opportunities in the future.

Kenyan banks have taken to regional expansion and business diversification in a bid to increase their income streams. Twelve local banks, which include large players Equity, KCB, Co-operative and CFC Stanbic, have regional operations. The Tanzania subsidiaries accounted for 33.8 per cent of the total profits, Sh2.3 billion, made by the regional outlets. The performance was only second to South Sudan which contributed 42 per cent and had exceeded Uganda's 27.3 per cent contribution. This is despite Kenyan banks operating 113 branches in Uganda, double those in Tanzania. However, the enhanced presence of Kenyan banks in Uganda, which has more competition, has been attributed to better working environment and work ethics than Tanzania. NIC Capital, the group's investment banking services provider made a profit of Sh63 million last year, while the brokerage firm NIC Securities made Sh20 million profit and NIC Insurance Sh12.9 million. The banks are expected to further diversify after the Central Bank issued guidelines allowing them to sell insurance, shares and broker bonds beginning next month with the requirement that they make clear distinction between their product and those of third parties.*(Business Daily)*

Kenya's Housing Finance is looking to raise more funds in the second half of this year and increase mortgage lending as it expects last month's peaceful elections to spur demand for houses. Kenya's second biggest mortgage lender said it would finalise plans for more funding in the next few months, having sold the last tranche of a 10 billion shillings bond last year. The election last month allayed fears the east African country would descent into chaos again as in the last election five years ago, and led to expectations of lower interest rates and higher consumer spending. "We will be looking to raise more money.

Either we will do it locally or offshore or both," Chief Executive Frank Ireri told the Reuters Africa Investment Summit on Thursday. He did not say how much Housing Finance was planning to raise. The company, which is involved in housing development as well as finance, is eyeing a bigger share of Kenya's booming housing market and also a maiden entry into other regional countries. Ireri said Housing Finance would use different strategies in other east African markets due to the small size of their financial sectors. "You can't go into south Sudan and give someone a 15-year loan today," he said. A rising middle class in Kenya has meant demand for housing has outstripped supply for decades, and the sector has outperformed other asset classes such as stocks and bonds with annual returns of up to 30 percent. Housing demand is also expected to receive a big boost in coming years from recent oil and gas discoveries in the region. "I think we're going to see a lot of foreign investors coming in to the property space," Ireri said, adding he expected property investments to rise in the second or third quarters of this year. Mortgage uptake has remained very low in the region, he said, hindered by high interest rates, high cost of accessing loans, and the bureaucratic difficulty of getting land ownership deeds that lenders require as collateral. There are less than 20,000 mortgage accounts in Kenya, a nation of more than 40 million people. Housing finance, which controls 35 percent of the Kenya's mortgage market, is also planning to list real estate investment trusts (REITs) on the Nairobi bourse. Kenya's capital markets authority is working to introduce REITs, high-yielding securities that trade like stocks. "The impending introduction of REITs may boost it (real estate earnings) even further," Ireri said. *(Reuters)*

Kenya's Uchumi Supermarkets, the sole listed retailer in East Africa, plans to open six new stores in the next six months as well as expanding into Rwanda and South Sudan to tap new shoppers, its chief executive officer said on Thursday. To fund the expansion Uchumi is preparing a cash call where 100 million shares will be offered to investors at a price that is yet to be determined, Jonathan Ciano told the Reuters Africa Investment Summit, confirming plans first outlined last year. Shares in Uchumi, which currently operates 27 stores in Kenya, Uganda and Tanzania, were the top performer on the Nairobi bourse last year, with the price rising 150 percent to 19.10 shillings as investors bet the retailer would benefit from the region's consumer growth. The shares last traded at 22 shillings on Thursday, unchanged on the previous day's close. "We want to have at least five more branches in Tanzania. Three more in Uganda and approximately six or seven in Kenya," Ciano told Reuters. The firm is still working on how it will get into Rwanda and South Sudan but the first six stores to be opened elsewhere this year have been approved by the board, Ciano said, adding that the opportunities for retailers are not confined to the big cities like Kampala. "The penetration of retail in this region is still very, very low so we have a lot of 'unshopped' people," he said. Uchumi runs a store in Gulu, northern Uganda, Ciano said, illustrating the potential in the region, with the main challenge being to take the concept of a supermarket to communities that have never had one before. "We have our brothers and sisters who are 300 km (186 miles) in the hinterland, who have never seen a supermarket and you open one there and you can see the excitement," Ciano said. Meanwhile sales in existing stores had started to pick up again, he said, having been hit by fears of violence ahead of the presidential election in Kenya last month. In the event the vote on March 4 proved peaceful, unlike the last election in 2007 when the disputed result led to widespread inter-tribal violence. Uchumi's sluggish sales in the last two months of 2012 sent pretax profits down by 35 percent for its fiscal first-half ended December to 131.93 million shillings. "The sales have been going on well," Ciano said, adding he expected that trend to continue with the main risk to the outlook being higher energy costs that could drive up inflation and dent consumer spending. Uchumi emerged under Ciano's stewardship from a four-year receivership in early 2010 and its shares were re-admitted for trading on the bourse in mid-2011. Local newspaper Business Daily said on Thursday that foreign investors have nearly tripled their shares in Uchumi since last June to 20.68 percent of the company, which is 10 percent owned by the Kenyan government, illustrating the demand for retail sector investments. Ciano said the revival, following a near-collapse in mid 2006 under a mountain of debt, and the return to growth of the company, showcased the numerous opportunities available in Africa. "Africa was called the dark continent. They didn't know the sun was right in the middle of Africa. It is a very bright continent," he said. *(Reuters)*

Economic News

The Kenyan shilling firmed on Monday, helped by banks trimming their dollar positions at a time of slack corporate demand for dollars before President-elect Uhuru Kenyatta's inauguration. Shares dipped slightly. At the 1300 GMT closer, commercial banks quoted the shilling at 84.55/75, 0.2 percent stronger than Friday's close of 84.70/90. The shilling has rallied 1.5 percent since the March 4 vote, which passed off peacefully, avoiding a re-run of the violence that followed a contested election result five years ago. Market players said corporate clients might be holding back from buying dollars in anticipation of a further strengthening of the local currency. "Positive sentiment is still in the market ahead of the inauguration," said Julius Kiriinya, a trader at African Banking Corporation. "Corporates might be waiting for the shilling to firm further before they come in buying dollars." Kenyatta, the east African country's richest man and son of its founding President Jomo Kenyatta, will be sworn in on Tuesday when markets will be closed for a national holiday. His win was disputed by defeated candidate Raila Odinga, who took his challenge to the Supreme Court and not the streets as he did when he lost another vote in 2007. The so-far smooth handover of power could provide a fillip to investment in Kenya, the region's economic powerhouse, although the outlook is clouded by Kenyatta's looming trial for alleged crimes against humanity at the International Criminal Court. Traders said technical analysis suggested the shilling could strengthen below its 84.50 resistance level and target 84.00 in coming sessions. In stocks, the main NSE-20 index dipped 0.1 percent to 4,980.84 points, led down by East African Breweries, the most capitalised stock on the Nairobi bourse. EABL fell 4.9 percent to 292 shilling per share. "While support on EABL has been foreign-driven, locals have been active on the sell side after its half-year profit fell," said Rufus Mwanyasi, an analyst at Tsavo Securities. In the debt market, bonds worth 2.4 billion shillings were traded, up from 2.15 billion shillings worth traded on Friday. *(Reuters)*

The Kenyan shilling firmed on Wednesday to a seven-month high in the first day of trading after incoming President Uhuru Kenyatta was sworn into office in a peaceful handover of power. Traders said corporate clients saw further gains ahead for the currency, reflecting relief at the smooth political outcome. Banks sold dollars as corporate demand for the U.S. currency remained subdued, traders said. The shilling strengthened 0.2 percent in early trading to 84.35/55, a level it last reached on September 18, 2012. Markets were closed on Tuesday when Kenyatta was sworn into office. "Corporate demand is not there, that's why we're seeing more interest to sell dollars," said Duncan Kinuthia, head of trading at Commercial Bank of Africa, adding that corporate clients anticipated further gains for the shilling. The shilling has rallied 1.6 percent since the March 4 vote following a largely peaceful vote won by Kenyatta, the east African country's richest man and son of its founding president. Kenyatta's win was challenged, but the Supreme Court upheld his win and there was no repeat of the nationwide violence that followed an election in 2007. "The doom and gloom had been priced into the shilling before the election and that's correcting now," Kinuthia added. Tuesday's smooth handover of power may provide a boost to investment in east Africa's economic powerhouse, although the outlook is clouded by Kenyatta's looming trial for alleged crimes against humanity at the International Criminal Court. Traders said technical analysis suggested the shilling, which is 2 percent stronger so far this year, could target 84.00 in coming sessions. "In the coming days we feel the shilling could try and break the psychological 84.00 level," Bank of Africa in a daily note. *(Reuters)*

Kenya's leadership transition on Tuesday is unlikely to lead to major changes in the country's economic and foreign policy, but will likely usher in renewed emphasis on strengthening ties with the world's newest economic powerhouses, analysts say. International Relations expert Professor Munene Macharia, said newly-elected President Uhuru Kenyatta, who served in retired President Mwai Kibaki's cabinet as finance minister, is unlikely to overhaul economic policies, but would be looking to enhance trade ties with East African neighbours. "The economic policy is likely to emphasize more on the policies that will lead to wealth creation so that the country can share resources out among all citizens of Kenya," Macharia told Xinhua in an interview in Nairobi. Kenyatta's inauguration guest-list had an emphasis mostly on African nations, whose leaders were expected to dominate the lavish oath-taking ceremony. Macharia said having served in Kibaki's government, the 51-year-old Kenyatta is likely to maintain the same economic policies. He said it was easily predictable that Kenyatta would stick to the economic blueprint, Vision 2030, initiated by Kibaki. The blueprint seeks to enhance Kenya's position as a regional economic powerhouse, being the transport, financial and telecommunication hub. In the blueprint, Ethiopia, Kenya and South Sudan, jointly agreed to pursue the construction of a second port in Lamu, leading to an entirely new transport infrastructure for Eastern Africa region. "The primary focus for Kenyatta's government will be to strengthen its ties with the East African Community (EAC) member states. As close neighbours, Kenya deals with them more closely compared to the rest of the world," Macharia noted. The analyst said he expects the international community especially the United States and the European Union to adopt "a cautious" diplomatic approach to Kenya because Kenyatta and the deputy president elect William Ruto are accused at the International Criminal Court (ICC) for being most responsible for the post election violence of 2007/08 that killed more than 1,300 people and displaced. Political pundits have been categorical that the impending trials for both Kenyatta and Ruto will have a significant bearing on Kenya's political and economic future.

Both Kenyatta and Ruto are accused of committing crimes against humanity to include murder, forced eviction and rape as post election skirmishes rocked Kenya in 2008. Hague-based international criminal court has summoned Ruto and Kenyatta to attend the opening trial session in person on May 28 and July 9 respectively. Analysts fear that the lengthy trials for both Kenyatta and Ruto at The Hague bode ill for Kenya's stability. Macharia however expects the African Union to react positively and will mention Kenyatta's name in the congratulatory message. "Kenyatta's vote is an indication that Kenya is not a banana republic. It shows Kenyans can make independent decisions," said Macharia. Kenya under Kenyatta is seen working towards building new ties with the rest of Africa, where some of the world's fastest growing economies are found. In their rebuttal, the ICC suspects, Kenyatta and Ruto, reiterated that Kenya is a sovereign state and it is the prerogative of citizens to elect leaders of their choice in line with the constitution. "It would be important to maintain good relations with emerging countries which form the BRICS grouping (Brazil, Russia, India, China and South Africa). These countries have already shown willingness to strengthen relations with Africa and have pledged to promote mutually beneficial relationships," Macharia, a University don, noted. Kenya's imports from China, India and Brazil have grown exponentially in the last few years to replace those from its traditional partners like the United States and Britain although foreign firms from the two dominant Western powers remain in control of the key sectors of economy. The March elections were the first under Kenya's Constitution, promulgated in 2010 in a bid to promote devolution. Kenyans voted for a president and a host of local positions in 47 newly created counties. Meanwhile, Kenyatta's ability to deal with domestic politics and unify the country following the completion of the elections would also test his readiness to lead. Although Kenya still remains largely divided after the disputed presidential vote, experts expect Kenyatta's near-absolute parliamentary majority to aid him through the political scene. "The relationship between Jubilee (Kenyatta's Coalition) and the Coalition for Reform and Democracy (CORD) led by Raila Odinga will also depend on whether politicians put national interest instead of pursuing personal agenda," said Macharia. Kenya is currently a champion of regional infrastructure projects like the rail, road and oil pipeline projects planned to originate from the Lamu Port in the coastal region and link to Ethiopia, South Sudan and Uganda. Any sort of political bickering may send wrong signals to foreign investors who are keen to invest in the country, he said. *(Daily Nation)*

A Chinese company has won the tender to build the first three berths at Kenya's new mega port in Lamu, a senior Kenyan official said on Thursday, offering a glimpse of how east Africa's biggest infrastructure project will be put together. Kenyan government is spear heading a $25.5 billion project to link landlocked South Sudan and Ethiopia to the Indian Ocean port of Lamu by constructing a major highway, a railway and an oil pipeline, which would take many years. Kenya says the Lamu Port-South Sudan-Ethiopia (LAPSSET) corridor project will add 2 to 3 percent to Kenya's economic growth but critics call it a vanity project, arguing the money would be better spent upgrading Kenya's existing infrastructure. Silvester Kasuku, chief executive of LAPSSET, said a consortium of companies led by China Communications Construction Company has won a 41 billion shillings ($484 million) contract to build the first three berths at Lamu port. "We called for contractors and the best was a consortium headed by China Communications," Kasuku told Reuters, pointing out that Lamu port will have 32 berths when the whole project is complete in 2030. "We are doing the seed investment by constructing the first three berths just to break the ground and put government commitment and investment and provide incentives for private sector investors to come on board." Through its flagship international arm, China Road and Bridge Corporation (CRBC), China Communications in 2011 signed a $66.7 million deal to expand the number of berths at Mombasa port, east Africa's largest port. China Communications last year also signed a $2.66 billion deal to update Kenya's railways, announcing plans to construct a stand-gauged 479 kilometres line between Mombasa to Nairobi. The $5.3 billion port plan has been politically controversial in Lamu. Environmentalists say the multi-billion port at Manda Bay, which juts out into the Indian Ocean towards the islands of Lamu, Manda and Pate, will destroy delicate marine life and choke coral reefs and mangroves. The Kenyan government says it has been sensitive to environmental concerns, though Kasuku concedes no large-scale infrastructure project can leave natural surroundings untouched. The Kenyan government is now seeking foreign governments and private investors to help fund the transport corridor. Kasuku said the Development Bank of Southern Africa (DBSA) has expressed interest in contributing as much as $1.5 billion towards the LAPSSET project. "That's a huge chunk but the terms must also be favourable," Kasuku said, pointing out that talks are at a preliminary stage. DBSA spokesman Jacky Mashapu said the bank was interested in the project and "keen to be lead arranger." Kasuku said it will take 3 years to complete the first three berths in Lamu port and during this period the Kenyan government will be constructing a business plan for how the private sector can be involved, with private public partnerships (PPPs) and joint ventures touted as possible mechanisms. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi expects inflation to slow to an average of 18 percent this year, helped by a bumper crop and strong tobacco prices, its finance minister said, as the destitute southern African country continues on a painful path to righting its finances. Ken Lipenga also told Reuters he was optimistic Malawi would be able to meet a growth target of 5.5 percent this year, adding it was committed to pushing through structural reforms and drawing foreign investment. "For the first time in many years we are so much looking forward to a bumper harvest this year and good tobacco prices," Lipenga told Reuters in an interview as part of the Reuters Africa Investment Summit. "The two will help us prop up the reserves and a good crop will help stem inflation." Lipenga, a former Reuters journalist and newspaper editor who turned to politics, said he expected inflation to average 18 percent in 2013. It averaged 21.3 percent last year, but this year has spiked as high as 37.9 percent. Soaring food and fuel prices have been stoking inflation since President Joyce Banda eased the kwacha's peg against the dollar and devalued the currency by 49 percent. Since taking the helm of one of the world's poorest countries last year, Banda has been working to restore foreign aid withheld during the final days of her predecessor's tenure after he picked a fight with key donors. Overseas aid traditionally accounts for about 40 percent of the national budget. In December the central bank raised the benchmark lending rate by 400 basis points to 25 percent in an attempt to stabilise the kwacha and rein in price increases. The policies have pleased donors and the International Monetary Fund but have angered many voters who blame Banda for soaring food prices. "Our biggest challenge now is to stem inflation and slow the depreciation of the kwacha," Lipenga said. "In order to correct the past mistakes and put the economy on a sustained path to recovery, tough policy decisions - many of them painful and unpopular - had to be made to avoid us being another Zimbabwe," he said. Zimbabwe nearly crumbled under hyperinflation before ditching its own currency and adopting the dollar in early 2009. Lipenga said a recovery in agriculture, manufacturing and retail should help the economy expand 5.5 percent this year, from 1.9 percent in 2012. "We will continue implementing structural reforms designed to remove regulatory hurdles and improve the investment climate." *(Reuters)*

Malawi has granted Mkango Resources, a company listed in Canada, a two-year mineral exploration licence (Exclusive Prospecting Licence) valued at US$7 million. The prospecting licence is for the company's flagship Songwe Hill Rare Earth project, in Phalombe, southeast Malawi. Mkango corporate communications manager Ashlee Utterback said the company which commenced trading in 2011 was granted the extension following successful delivery on the objectives outlined at the time of listing. The firm is now focused on progressing the Songwe Hill project to the production stage. The extension became effective last January and is due for renewal in 2014. "The EPL grants Mkango exclusive rights to explore for all 17 rare earth elements as well as strontium, niobium, iron ore, manganese, gold, silver, copper, bauxite, fluorite, phosphate, uranium, thorium, monazite, nepheline, syenite, zircon, tantalum, clay, kaolinite, and associated minerals," she said. "Mkango believes Malawi is one of the most favourable jurisdictions to be operating in Africa and has the potential to become one of Africa's foremost rare earth producers". "Malawi is a stable country, has strong government support for new mining initiatives, allows year round exploration and mining providing a low cost exploration environment and has significant geological potential with improving infrastructure," she said. Mining ministry principal secretary Leonard Kalindekafe said all mining activities being conducted in the country have been included in the mining governance and growth support project which will support government's mining sector reform programme. The project is being financed by the World Bank (credit of US$25 million) and the European Union (US$5,66 million). The French government will also spend EUR 11 million providing technical expertise for geological mapping of the country. Kalindekafe said the aim of the project is to improve the efficiency, transparency and sustainability of management of the mining sector. "It will focus on strengthening institutional capacity of the sector with modern mining legislation and computerised mining cadastre," he said. Utterback explained that

Mkango sees the investment environment in Malawi as favourable in terms of the upcoming infrastructure projects, such as Vale investment in Malawi's rail rehabilitation and the improvement taking place in the energy sector. Brazilian mining giant Vale is building a US$2 billion railway line from Moatize, in the western province of Tete, to the northern Mozambican port of Nacala going through southern Malawi to transport coal, agricultural products and other mineral products to Moatize as the shortest way of reaching Nacala from Malawi. The spokesperson was also upbeat about the country's current regulative and legislative framework including the recently signed power interconnection deal with Mozambique which will see Malawi tapping electricity from Mozambique's Cahora Bassa power station saying "it is good for mining investors". Malawi is slowly discovering a number of deposits like oil, gas, coal, uranium, gold and lime in several parts of the country. *(Herald)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' economy will expand 3.7 percent this year, slightly below potential due to subdued demand from its main markets and modest private investment, before accelerating to 4.4 percent in 2014, the International Monetary Fund said. "Heavy dependence on demand from Europe for key services exports and declining competitiveness are particular sources of risks going forward," the IMF said in a statement released late on Monday, adding inflation would be about 5 percent in 2013. (*Reuters)*

Tourist arrivals to Mauritius climbed 1.5 percent in the first quarter as an increase in guests from Asia and Africa offset a decline in holidaymakers from the biggest source market, Europe. The number of foreigners visiting the Indian Ocean island nation advanced to 265,838 in the first three months of 2013 from 261,995 a year earlier, Port Louis-based Statistics Mauritius, said in a statement on its website. Tourist numbers rose 9.5 percent to 91,759 in March from the year before. Arrivals from Europe, which account for more than half of Mauritius's tourists, declined 8 percent in the first quarter, with a decrease of visitors from Spain, Italy and France. The number of leisure travelers from Asia jumped 37 percent while arrivals from Africa rose 16 percent, according to the statistics office. Tourism represented about 8.2 percent of the country's gross domestic product last year and it is one of the largest foreign exchange earners. *(Bloomberg)*

Nigeria

Corporate News

Nigeria's Diamond Bank Plc (DIAMONDB) plans to raise as much as $750 million to finance an increase in lending, Chief Financial Officer Abdulrahman Yinusa said. The company is preparing to raise the money through a share sale or debt offering this year, Yinusa said by telephone today from the commercial capital of Lagos. Shareholders will vote on the plan at an April 30 meeting, he added. The fundraising comes a year after the lender raised its annual loan-growth target to 40 percent from 20 percent. While Diamond is yet to report full-year earnings, first-half profit rose more than fourfold to 9.99 billion naira ($63 million), the lender said in July. The stock fell 1.7 percent to 7.13 naira as of 12.19 p.m. in Lagos. It has risen 44 percent this year, outpacing the 22 percent increase of Nigerian Stock Exchange All-Share Index. Central Bank of Nigeria Governor Lamido Sanusi fired the chief executive officers of eight of the country's 24 lenders in 2009 and bailed them out with 620 billion naira after loans by banks to stock speculators and fuel importers pushed the industry to the verge of collapse. The government then set up Asset Management Corp. of Nigeria, or Amcon, to buy bad debts from the country's banks, including a 25 billion naira loan Diamond Bank had extended to Geometric Power Ltd., a power generation company, to enable them to resume lending. *(Bloomberg)*

Nigeria's Access Bank is forecasting a return of equity (ROE) of 22 percent this year, as against 18 percent achieved last year, with its loan book growth expected to triple to 15 percent, its CEO said on Monday. Aigboje Aig-Imoukhuede also said he will retire by December, in line with a central bank directive limiting the tenure of bank chief executives, the outgoing chief said on Monday. During a conference call with analysts and investors, Aig-Imoukhuede said will hand over to his deputy at end of September. Last week, the lender said its 2012 pretax profit grew 86 percent to 44.88 billion naira. Aig-Imoukhuede said the bank planned to grow its loan book by 15 percent this year, up from 5 percent in 2012, driven by growth in retail, telecom and oil and gas financing. Nigeria's central bank in 2010 announced that it would limit the tenure of bank chiefs to a maximum of 10 years as part of its efforts to improve corporate governance in the sector. *(Reuters)*

Nigerian regional lender Wema Bank said on Monday it had received regulatory approval to issue a 35 billion naira private share placement to strategic investors by the end of April, and apply to become national bank again. Wema was one of the lenders forced to recapitalise its operations by the central bank in the wake of a financial crisis that nearly sank it and eight other lenders. It decided to meet tougher requirements by scaling down its business to become a regional bank in the 2009. The regional lender said it will issue 23 billion ordinary shares at 1.50 naira per share to the investors and use the proceeds from the fund raising to expand its operations and boost its IT systems. Wema, which was established in 1945, said it will start the process of securing a national banking license from the central bank after the share sale. *(Reuters)*

Ecobank Transnational Incorporated, ETI, has unveiled strategic plans to grow its revenue by 15% in 2013 financial year. The Group Chief Executive Officer, Ecobank Group, Thiery Tanoh, who made the disclosure at the Facts Behind Figure presentation of the bank on the Nigerian Stock Exchange, NSE, said that deposits and loan portfolio are expected to grow by 20 and 10% respectively. He noted that the cost to income ratio is expected to drop significantly during the period. Tanoh stated that as part of strategy to achieve the set objective, changes would be made at the management position, to drive the performance, adding that the bank intends to be more reactive and innovative in its operations. He said, "We have seen signs from our first quarter result, which we will soon release to the market, that the full year result will be robust. We want to make sure that we are more efficient in the way we relate to customers. Our footprint has largely been built; we must now focus on maximizing the potential of this unique platform. By driving revenue growth and increasing efficiency, we believe that by doing this, we will bring the highest and strong diversified value to our shareholders in the long term." He noted that Ecobank Group was poised to use Nigerian business as a pivot to achieve the goal, adding that, presently, Nigeria contributes over 46% of its total annual revenue.

Speaking on the previous year's result where Ecobank Group recorded 39% increase in profit before tax to $287 million and 16% increase in total assets to $20 billion, Tanoh said, "Strong performance in the fourth quarter, with customer loans growing by 10%, non-interest revenue up by 62% compared to the nine month 2012 run-rate, was boosted by a $72.4 million refund from the Assets management Corporation of Nigeria in respect of Oceanic Bank acquisition." *(Vanguard)*

Shares in Diamond Bank Plc recovered Thursday after two days of decline as investors reacted positively to its results for the first quarter (Q1) ended March 31, 2013. Despite declaring a profit after tax of N22billion for the year ended December 2012 compared with a loss of N18 billion in 2011 on Tuesday, the shares suffered depreciation as the market reacted to non-recommendation of dividends by the board of the bank. The shares fell from N7.00 per unit on Tuesday to N5.67 per unit on Wednesday, showing a decline of 19 per cent. However, renewed demand by investors on the strength of the Q1 results led to a price gain of 8.3 per cent to close at N6.14 yesterday. Diamond Bank reported gross earnings of N39.42 billion in Q1 of 2013, up by 31 per cent from N30.1 billion in the corresponding period of 2012.Profit after tax grew by 23 per cent to N6.289 billion compared with N5 billion in 2012. Loans and advances rose by 66 per cent from N433 million in 2012 to N718 million in 2013, while deposits grew by 59 per cent to hit N1.02 billion, from N641 million in 2012. "The Q1 performance of the Diamond Bank has shown that the full year results for 2012 were sustainable and some discerning investors are now taking advantage of the reduced price to increase their stakes in spite of non-payment of the dividend in respect of 2012 financial year," Mike Ezeh of Crane Securities Limited said. Meanwhile, trading at the stock market remained bearish for the third day running as high-capped securities suffered price losses. Consequently, the Nigerian Stock Exchange (NSE) All-Share Index declined by 0.59 to close at 33,466.76. Nigerian Breweries Plc led the price losers with N3.95 to close at N164.05, trailed by Guinness Nigeria Plc with N2.00. Unilever Nigeria Plc went down by N1.96 to close at N52.04 per share. *(This Day Live)*

Economic News

The Financial Derivatives Company Limited (FDC) has preidicted that the consumer Price Index (CPI), which is used to gauge the level of inflation in the country will decline to 8.7 per cent in March. The CPI had increased to 9.5 per cent in February, as against the nine per cent recorded in January. The FDC stated this in a report made available to THISDAY at the weekend. The National Bureau of Statistics (NBS) is expected release inflation figures for March this week. FDC said: "Based on our analysis, we are forecasting that the national headline inflation for March will decline to 8.7 per cent when the data is released (±0.14%), supporting our expectation of a moderating inflation environment in 2013." The FDC reiterated its displeasure over the recommendation by the International Monetary Fund (IMF) Article IV that the Asset Management Corporation of Nigeria (AMCON) should be closed down. The multirlateral agency had in its executive board assessment addressed a number of macroeconomic issues. However, part of it stated that "Directors commended the authority's success in restoring financial stability after the 2009 banking crisis. In light of this achievement, they recommended winding down the operations of the asset management company to curb moral hazard and fiscal risks." But FDC which stood in support of EEEEAMCON argued that the corporation has so far acquired over 10,000 NPLs worth N3.5 trillion. The financial advisory and research firm noted that the establishment of AMCON had also averted a potential financial disaster. "AMCON was initially conceptualised to be a bank to resolve the serious and grave situation of the banking industry and insulate the system from those risks. Apart from the resolution of manifested risks and toxic assets roughly estimated at N4 trillion, it was also considered an essential part of the institutional framework for preventing and developing early response to isolated pockets of risks that could easily become contagious or viral. "The Nigerian position is not any different from other bad banks in emerging, advanced and frontier economies. For example, in 1992, the government of Sweden's attempt at curbing its banking crisis led to the creation of several asset management companies," it stated. It also pointed out that before the intervention by the 'bad bank' the NPL's of the banking system were as high as 35 per cent and have now declined to five per cent. *(This Day)*

Bloomberg quoted Barclays' London-based spokesperson, Jodie Gray to have disclosed this at the weekend. The debt has a weighting of 0.97 per cent as at Friday. According to Gray, ten Nigerian bonds were included in the index on April 1. Also, Romanian bonds were also included in the gauge. Barclays said in November it would add the two nations' debt to the index after reviewing changes in marketplace and polling investors on governance and market accessibility. Eligibility criteria include having a minimum market size equivalent of $5 billion, while each bond must have at least $300 million outstanding and a minimum 12 months to maturity. The addition follows Nigeria's inclusion to JPMorgan's emerging-market bond index series in October last year. JPMorgan predicted adding the debt of Africa's biggest oil producer to its indexes would lure $1.5 billion to the West African nation. Nigeria attracted over $2.4 billion in foreign capital through the local bond market last year, following the country's inclusion into the JP Morgan bond index last year. A report by Vetiva Economic Research had shown that the 2017 and 2022 bonds included in the bond index were the investors' major delight. Nigeria's Eurobond has also been bullish, with a general rise in capital flows as a result of the inclusion, as yield improvements were also backed by fiscal discipline. The Global Head of Sales and Trading of Dunn Loren Merrifield (DLM), Mr. Malcolm Gilroy had said that market has witnessed increased flow from offshore investors since Nigeria's inclusion on the global index. *(This Day)*

Nigeria's naira currency strengthened on the interbank market on Monday, supported by dollar sales by state-owned energy company NNPC and three oil multinationals, traders said. The naira closed at 157.70 to the dollar, compared with 157.82 on Friday. Traders said state energy firm NNPC sold about $300 million to some lenders on Friday and a further $100 million on Monday, while a unit of France's Total sold $25 million, China's Addax Petroleum sold $8 million and Italy's Eni $5 million. On the official foreign exchange window, the central bank sold $300 million at 155.74 to the dollar, compared with $237.2 million sold at the same rate at the last auction. "There is large dollar liquidity in the market and the naira is expected to remain trading within the present range during the week," one dealer said. *(Reuters)*

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The Bankers' Committee Tuesday said it will soon outline new strategies for supporting the real sector, particularly the micro, small and medium enterprises (MSMEs) through the reduction of lending rates. This was just as business owners in Bauchi, Tuesday decried the shortage of lower banknotes for transactions. The business owners lamented that most of their customers no longer patronise them because of the development. However, the bankers' committee expressed optimism that reducing lending rates would reduce social tension by enhancing employment generation in the country. Addressing journalists after the regular meeting of the committee in Abuja, Group Managing Director/Chief Executive Officer, Diamond Bank Plc, Dr. Alex Otti, alongside other bank chief executives said they had extensive discussions on how to make interest rates cheaper for small businesses given that the sector had the capacity of stimulating economic growth. He said modalities on how to achieve lower rate for the sector would be made public within the next few weeks, adding that the issue would be adequately ironed out at its ongoing bankers' committee retreat. There are however, concerns on how such plan would be achieved considering the prevailing monetary policy conditions, especially with the monetary policy rate (MPR) at 12 percent. "Basically, interest rates have to go down. It is going to happen," he said. Continuing, THISDAY checks at Bauchi revealed that those mostly affected by this development particularly in Bauchi metropolis were petty traders, business centre operators, transporters, among others. THISDAY investigation at the ever-busy Wunti, Muda Lawal and Central markets showed that many businesses were battling to make sales due to the shortage of smaller denominations such N10, N20 and N50. Alhaji Salisu Umar, who sells yams and potatoes at Muda Lawal market said: "The first thing our customers do when they come to make their purchases is ask if you have change, and when you answer in the negative, they just go away.'' "The use of smaller denominations like N20 and N50 is really becoming a problem because its circulation is very limited. Whenever a customer comes with bigger denominations like five hundred and one thousand naira and you tell them there is no change, they just change their mind and refuse to buy anything from you." Also, Mr. Danazumi Suleiman, a commercial motorcycle operator complained bitterly over the situation. But the CBN Director, Banking Supervision, Mrs. Tokunbo Martins, told journalists in Abuja that the apex bank was aware of the scarcity of lower denominations. Martins explained that the scarcity was caused by the recent setback encountered in the suspended currency restructuring programme of the apex bank.

The N20, N50 as well as N200 notes had suddenly become difficult to come by in the economy. She however, assured that a process to release lower currency as well as improving their quality had already commenced. Meanwhile, the Bankers' Committee also, Tuesday, expressed concern over the need to further enhance structural reforms to provide conducive conditions for long term investment in the country. Managing Director, Citibank, Mr. Omar Hafeez, said even though portfolio in-flows were necessary in any economy, long term money is preferred because the exit of 'hot money' could affect rates fluctuation. But, CBN Director of Communication, Mr. Ugochukwu Okoroafor , said, however, that the apex bank was keeping a close watch of portfolio inflows stressing that the country had significant foreign reserves to meet any shortfall should investors decide to take money out. Also, the committee once more condemned reports of ATM charge imposed by some banks even when it had unanimously agreed to suspend such charges on customers. The Diamond Bank boss said such practice was unacceptable to the committee. *(This Day)*

FIVE Banks have signed a Memorandum of Understanding (MoU) with Shell Nigeria Exploration and Production Company (SNEPCo), to provide $5 billion (N790 billion) financing loan for contractors in the country's oil and gas sector. The MoU signed in Lagos Wednesday, will see the five financiers providing support to Nigerian contractors towards the actualisation of the country's local content aspirations. The institutions involved in the financing deal are Fidelity Bank Plc, Access Bank Plc, First Bank of Nigeria Plc, Standard Chartered Bank Limited and DLR Integrated Services Limited. The purpose of the financing arrangement, according to the financiers, is to alleviate funding challenges of Nigerian contractors, support their growth and aspiration of the Nigerian Content Act. Speaking at the MoU signing ceremony and awareness session for the Shell contractors support fund, General Manager, Nigerian Content Development, Shell Companies in Nigeria, Igo Weli, explained that the contractors' support fund was a partnership for local content development between SNEPCo and five reputable financial organisations. According to him, each of the banks is expected to provide $1 billion each for the fund, which is spread for five years period. Weli hinted that Shell is committed to supporting the federal government's efforts to reform the industry especially through the local content policy. "The partnership becomes necessary due to lack of access to affordable funds, which has been identified as constraint to contract performance and growth. He noted that the scheme would address the issue of access to funds, which appears to be a serious nightmare to operators in the industry.

"Financing of projects has traditionally been a major challenge to contractors' growth and participation in the delivery of goods and services to the oil and gas industry", he said. He explained that banks have committed themselves to relaxing the collateral security requirements, reducing interest rates and establish their competitive advantage and become global players." The Team Head, E&P/Projects of Fidelity Bank Plc, Emeka Nkemakolam, said during the presentation of the facility scheme to the contractors that the bank was fully committed to supporting the implementation of the Nigerian Content policy. Nkemakolam stated that for the contactors to qualify for the facility, they must have a good banking history and a valid contract with Shell. He said that before the programme was launched last year, Fidelity was already involved in a similar funding. "To qualify for the fund, contractor must have successfully executed contracts of similar nature and value in the last 12 months and must have lodged such proceeds with a bank. We shall review and appraise credit request and inherent risks. We also liaise with Shell on confirmation of contract and domiciliation of proceeds. We are also responsible for the disbursement and monitory of the facility", he added.*(Guardian)*

Nigeria's stock exchange is reviewing applications from some leading global investment banks to join its trading floor, as reforms aimed at improving liquidity and transparency bear fruit, its CEO said on Wednesday. Bourse CEO Oscar Onyema told the Reuters Africa Investment Summit in Lagos that a return of confidence in the market from domestic investors burned by a 2009 financial crisis had reversed the trend of foreigners holding most Nigerian shares. Domestic investors now accounted for 59% of holdings, on the NSE, against 45% at the end of last year, he said. "We cannot announce which ones yet but they are ... in the top ten in the world," Onyema said of the banks that had filed applications to trade on the NSE. Citibank and JP Morgan both have a presence in Nigeria, but do not trade shares on the NSE, which is currently dominated largely by small local stock brokers. Rencap and Standard Bank both already have traders operating on the bourse floor. Before the stock market bubble burst in 2008, wiping nearly two thirds off its value in a year, domestic investors owned 85% of shares, with foreigners owning the rest. That ratio had fallen to 43% domestic against 67% foreign by the end of 2011. "I don't believe confidence has fully returned, but a great deal of confidence is back," Onyema said. "Local investors are coming back to the market in droves, especially the institutional investors," he said.

Africa's second biggest bourse has made a series of sweeping reforms since it emerged from the 2009 financial crisis that nearly saw nine banks go under. These have included tighter regulations, introducing a new trading technology platform, bringing in market makers and allowing short selling. The new platform using Nasdaq technology would be ready to go online by the third quarter of this year, he said. The bourse last year introduced its first exchange traded fund (ETF) and its first retail bond index, and Onyema said it aimed to enable depository receipts to be listed in Nigeria this year, and to start trading derivative products in 2014. "All of these things have the effect of driving liquidity," Onyema said, adding that trading volumes had returned to an $26 million a day on average by the first quarter of 2013, compared with $17 million a day last year -- though still well below the $100 million a day before the bubble burst. Several IPOs and an equity ETF were in the pipeline, he said, but he declined to give details. The bourse remains a long way off from its target of $1 trillion dollar valuation by 2016 -- the capitalisation of the bourse is currently just over $100 billion. "We're not moving as quickly as I'd like to see ... We need significant changes in government policy," He said. He urged the government to give tax breaks to firms that list on the stock exchange. Currently a lot of companies were electing to stay private so that they do not have to disclose their profits and pay high rates of corporate tax, he said. *(Reuters)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzanian inflation maintained its downward trend in the year to March, helped by a slowdown in the rise of food prices, and fell into single digits for the first time since May, 2011, official data showed on Monday. Consumer prices in east Africa's second biggest economy rose 0.5 percent during March compared with 1.4 percent a month earlier, helping slow the year-on-year inflation rate to 9.8 percent from 10.4 percent. "The decline of the inflation rate to single digit levels is attributed to a series of government measures aimed at tackling rising consumer prices, which included lowering the prices of key food items such as rice," Ephraim Kwesigabo, a director at the National Bureau of Standards (NBS) told reporters. High food and energy prices sent Tanzanian inflation surging into double digits in 2011, as also happened in neighbouring Kenya and Uganda, piling pressure on the local currency and forcing a sharp tightening of monetary policy. Inflation peaked at 19.8 percent in December, 2011, and then began slowing as policy changes filtered through the economy. But the central bank is still intervening in the currency market to fight a depreciation of the Tanzanian shilling, which, if sustained, could pose upside inflationary risks. Underscoring the danger, energy prices increased 22.6 percent over the 12-month period to March compared with 18.3 percent in February. *(Reuters)*

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Precious stones miner Gemfields Plc said the Zambian government could curb its ability to sell gemstones outside the country, potentially hurting revenue at its core Kagem emerald mine in north Zambia. The Zambian Ministry of Mines, Energy and Water Development directed on Friday that all auctioning of emeralds be held in Zambia as their sale in foreign markets contributes to capital flight, Gemstone said in a statement. Output from Kagem has been sold solely outside the country since 2009, generating $160 million of revenue from 11 auctions abroad. Gemfields, which named actress Mila Kunis its brand ambassador earlier this month, mainly mines emeralds at its 75-percent-owned Kagem mine, but also has interests in ruby and sapphire deposits. The potential ban would also affect Gemfield's Kariba amethyst mine in south Zambia, in which the company has a 50 percent stake, it said. Gemfields' shares were down 19 percent at 23 pence at 0728 GMT on the London Stock Exchange on Monday. *(Reuters)*

Zambia's kwacha is set to continue its slide against the dollar and may depreciate as much as 5 percent over the next 12 months, according to the country's biggest lender, Zambia National Commercial Bank Plc. The currency of Africa's largest copper producer will probably remain stable in the "short term," Managing Director Martyn Schouten said in an interview on April 5 in Lusaka, without giving a time frame. "There will be some depreciation, probably in the range of 1 percent to 5 percent over the next 12 months," he said. "Crucial, of course, is the price of copper." The kwacha has weakened 3.7 percent against the dollar this year, making it the continent's sixth-worst performer and prompting the southern African nation's government to take measures to stem the decline. The currency eased 0.9 percent to 5.40 per dollar by 11:39 a.m. in Lusaka. Copper for delivery in three months rose 1.3 percent on the London Metal Exchange to $7,501 a ton. The metal, used in plumbing and electrical wiring, has weakened 5.4 percent this year. A weaker kwacha causes higher inflation and makes it more expensive for government to repay its $750 million Eurobond, according to Finance Minister Alexander Chikwanda. The yield on the debt, due September 2022, gained one basis point to 5.49 percent today. The Bank of Zambia held talks with the country's lenders after Chikwanda said in a Feb. 26 statement to lawmakers the banks were operating as a "cartel" and are "led into temptation" of profiting through currency manipulation. The Bankers' Association of Zambia denied the allegations. Barclays Plc, Standard Chartered Plc and Standard Bank Group Ltd. also have operations in Zambia. President Michael Sata last month signed a new law partly aimed at strengthening the local currency, Deputy Finance Minister Miles Sampa said on March 31. The policy requires exporters to deposit foreign-currency earnings locally. "At the present time its fairly unclear to us" what effect on the currency the new law will have, Schouten said. The government will issue a statutory instrument with the details of the Bank of Zambia Amendment Act, Sampa said March 20. The currency may strengthen to below 5 per dollar as a result of the policy, he said. Zambia National Commercial Bank, or Zanaco as the lender is known, has gained 44 percent on the Lusaka Stock Exchange this year. *(Bloomberg)*

GOVERNMENT is discussing with Chinese companies for possible assistance to help revitalise Zambia's railway infrastructure. And all provincial airports will be upgraded to international standards, Minister of Communications, Transport, Works and Supply Christopher Yaluma has said. Mr Yaluma said in Beijing yesterday that China Railway Construction Company (CRC) and China Railway Engineering Company are willing to assist the country construct and rehabilitate its railway infrastructure. Mr Yaluma, Mines, Energy and Water Development Minister Yamfwa Mukanga and Tourism and Arts Deputy Minister David Phiri are in China to discuss infrastructure projects on the sidelines of President Sata's seven-day State visit. "We have had discussions with companies in construction and they are willing to come and assist. More significantly, we managed to visit two arch railway construction companies, China Railway Construction Company and China

Railway Engineering Company," the minister said. "China Railway Construction Company was involved in the construction of TAZARA while China Railway Engineering Company was the consultant. We want to revamp our railway system which is dilapidated," he said. Mr Yaluma said besides rehabilitation of TAZARA and Zambia Railways, the government intends to extend the railway network to link with all neighbouring countries. He said plans are underway to link Chipata from Mpika as part of the Nacala Corridor which will be cost-effective. "We have also decided to construct a railway line from Nseluka near Kasama to link with Mpulungu. This will service the Great Lakes route," Mr Yaluma said. Other railway projects on the drawing board include the construction of a railway line from Kafue to connect to Beira in Mozambique through Zimbabwe and another from Livingstone to Kazungula. "Right now, Botswana has started construction towards Kazungula. That will create a super-link to the South African port of Durban," Mr Yaluma said. The railway line will also link to Walvis Bay in Namibia through Kazungula.

The other railway project is the construction of a railway line from Chingola to the Angolan border through Solwezi and Mwinilunga to service the mines. The railway line will cater for the increased copper production in North-Western Province and help to reduce damage on the roads through road haulage. "As you are aware, the Copperbelt has shifted to North-Western Province. We need to service the mines which have increased their copper production," Mr Yaluma said. "Right now, all copper haulage and importation of their heavy equipment is by road, which is causing a lot of damage to our roads," he said. Mr Yaluma said the government was considering an intra-city speed train for Lusaka. He said the two main Chinese railway construction firms are willing to assist in the project. Mr Yaluma, Mr Mukanga and Mr Phiri on Monday travelled to Tianjin, 130km north of Beijing, by a speed train whose speed is 300km per hour. And Mr Yaluma said the government will continue to look for other potential partners to help build infrastructure like roads, railways and airports. "We have decided to upgrade all provincial airports to international standards so that people from the UK [United Kingdom] and elsewhere should be able to fly directly. This is good for tourism," he said. *(Daily Mail)*

ACTING President Edgar Lungu has reversed the decision to ban the export of maize and its products. This follows wide consultations between Government and other stakeholders, both locally and internationally, in order to ensure there are no "misunderstandings". "That ban has been reversed because the down-sides of having it in place are many. "They include fuelling underground smuggling rings…it's best to have formal trade and gain something than have a ban and bleed good money through smuggling," he said. Recently, Minister of Agriculture and Cooperatives Bob Sichinga suspended the export of maize and its products. Mr Lungu said at a press briefing in Lusaka yesterday that there is need to respect existing contractual obligations between the Zambian government, other governments and players in the market, such as commercial entities. He said it will be unfair to stop the export of maize when several countries in the sub-region, among them the Democratic Republic of Congo, Tanzania, Malawi and Zimbabwe, have shown interest in buying maize from Zambia. "The government realises that within the country, and indeed in the entire region, there are some areas which have a serious deficit of maize, mealie-meal and maize products," he said.

Mr Lungu said Government will ensure that there are no illegal exports of maize and its products, adding that people wishing to export maize should have permits. "This is not to mean that the government will tolerate any illegal export of maize and its products. The need for permit to export maize remains," he said. Mr Lungu said Government is working out modalities to facilitate the orderly and regulated export of maize and its products. "Let me take this opportunity to pay tribute to the gallant men and women in uniform who have tirelessly worked to contain smuggling in the border areas of the Copperbelt and other border areas where smuggling has recently become a menace," he said. He directed Mr Sichinga, through Agriculture and Co-operatives permanent secretary Siazongo Siakalenge, to consult all stakeholders in grain marketing and come up with a lasting solution which will ensure that the country has adequate stocks of maize and mealie-meal. He said while the will continue, Government will ensure that the country has adequate stocks of maize to avert hunger in areas where there is poor maize yield. Later, the minister, who is also Chawama member of Parliament, visited some development projects in his constituency. *(Daily Mail)*

ZAMBIA and China have agreed to boost trade exchanges in order to deepen investment and financial cooperation. During a bilateral meeting with President Sata on Wednesday, Chinese Premier Li Keqiang urged the two countries to expand mutual trust and provide political safeguards for cooperation. According to the Chinese news agency Xinhua, Mr. Li pledged that country's willingness to promote technology transfer and personnel training for Zambians to enhance the country's capacity for self-development. The premier expressed hope that Zambia can guarantee the legal rights of Chinese enterprises. And President Sata thanked China for its help and support in recent years, stating that Zambia firmly sticks to the one-China policy and welcomes investment from more Chinese firms. At the same meeting, Mr. Sata called on Chinese investors to help Zambia re-establish a national airline. "Apart from building Tazara, the Chinese are also doing many other great things. I would, therefore, like you to come and help us to re-establish Zambia Airways," he said. He said Chinese investors should come to Zambia and explore other investment opportunities, including fisheries. Earlier, President Sata thanked China for helping Zambia to open a route to the sea through the construction of Tazara (Tanzania Zambia Railway Authority). He noted that Zambia and China have a lot in common, such as unemployment and that they could work jointly towards reducing it. Mr. Sata wound up his seven-day state visit to China yesterday after addressing the Zambia-China Economic and Investment Forum organised by the Zambian embassy and China Non-ferrous Metals Mining Company. The President was accompanied by Finance Minister Alexander Chikwanda, Foreign Affairs Minister Effron Lungu, Commerce Minister Emmanuel Chenda and Communications Minister Christopher Yaluma. Others are Mines, Energy and Water Development Minister Yamfwa Mukanga, Tourism and Arts Deputy Minister David Phiri, Secretary to the Cabinet Roland Msiska and other Government officials. *(Daily Mail)*

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Corporate News

TRUST Bank says it has concluded negotiations with an investor who expects to inject US$9 million for recapitalisation while talks continue for an additional US$4 million as the bank seeks to increase capital and improve liquidity. The bank last week failed to meet some of its financial obligations after a number of its clients failed to access their funds, amid strong indications it could have lurched into some sort of liquidity crunch. Trust Holdings group chief executive Mr William Nyemba said no communication had been relayed to him about the liquidity crisis, but admitted that, like other banks, Trust Bank experienced liquidity challenges especially after the Easter holidays. "The liquidity problem is not an issue confined to Trust Bank alone," he said, "and cash has been a problem, especially after the (Easter) holidays. But I have not been notified that there is a problem. "One of the factors (for liquidity crisis) is capital and we have concluded discussions with one of the major shareholders. "We have a shareholder who will inject US$9 million to US$13 million — the US$9 million is confirmed." Trust has issued various cautionary statements advising that it was engaged with investors in search of fresh capital investment. The bank has also recently been linked with Allied Bank. Trust Bank, with US$18,7 million, remains below the central bank's minimum prescription of US$25 million and way off the US$100 million threshold expected by June 2014. Last Friday, a number of the bank's individual and corporate clients besieged the bank's head office, to seek an explanation for the bank's failure to fulfil its side of the bargain. Dr Panache Chiurunge of Chartered Integration Systems said he had failed to make his Value Added Tax payment to the Zimbabwe Revenue Authority because Trust Bank had no cash. "As a result of that, Zimra have effected a 100 percent penalty on the outstanding amount," he said. "Who is going to pay for that?" He said he had asked to make a Rapid Transfer Gross Settlement and access the funds from another bank — to no avail. Mr Billion Tabi and Mrs Maria Madhwu were also among the bank's customers besieging one of the branches to demand explanation over their failure to access their funds. Operations manager Mr Greg Gatsi said he had lodged a complaint with senior management who could not address the visibly angry customers because they were reportedly locked up in meetings. Reserve Bank of Zimbabwe Governor Dr Gideon Gono recently said the banking sector was "in a healthy state" and none of the banks had shown any signs of stress. *(Herald)*

MEIKLES Limited subsidiary TM Supermarkets will invest US$25 million on transforming its retail outlets to international standards. In a statement, Meikles Limited said the planned investment comes on the back of an inspiring six-fold increase in pre-tax profits for the 11 months to February 28, 2013. Meikles Limited executive chairman Mr John Moxon said the investment was "wonderful news for stakeholders", as the US$25 million investment would position "TM Supermarkets as a leader in a very competitive industry." The chain has 50 retail outlets countrywide, including two operating under South African giant Pick 'n' Pay brand. TM Borrowdale, in Harare, is the chain's flagship. Mr Moxon "Precise timelines are not yet finalised but we shall renovate existing stores throughout the country to world-class standards and open new ones starting in Harare." Mr Moxon said the substantial increase in TM Supermarkets profitability was due to a number of underlying factors, including fine-tuning management and better stock control, merchandising and buying strategies. "The US$25 million investment, together with a substantial internal generation of cash from increased earnings, will soon be available for the renovation of existing supermarkets and the addition of new opportunities," Mr Moxon said.

"Pre-tax profits of TM Supermarkets for the 11-month period to the end of February 2013 have exceeded those of the previous year by in excess of six-fold," he said. He added that the company had been "greatly encouraged" by the performance of the two Pick 'n Pay stores opened in Harare in 2012 (Kamfinsa and Westgate) and the TM branded store in Chinhoyi which was extensively refurbished and "these programmes will be accelerated in 2013". Following the completion of all the regulatory approvals in Zimbabwe and South Africa, Pick 'n' Pay increased its shareholding in TM Supermarkets from 25 percent to 49 percent. The US$13 million for the additional shareholding was received from Pick 'n' Pay and shares were issued effective February 1, 2012. TM is one of the country's leading retail chains and while it still retains a significant share of the market, capital constraints had limited its capacity to compete due to constrained capacity to stock and replace old equipment. The situation had been made even more difficult with the entry of several other small players chasing the elusive US dollar in 2009. Zimbabwe's retail market is still afflicted by low demand due to low salaries as the economy recovers. Another of South Africa's retail giants, Shoprite, last year expressed interest in entering the Zimbabwe market before developing cold feet at the 11th hour. US retailer Wal-Mart also flirted with plans to enter Zimbabwe. *(Herald)*

ZIMBABWE Stock Exchange-listed group TA Holdings profit for the full year to December 2012 declined to $3,2 million weighed down by a rise in net claims and the group's agrochemicals unit. In 2011 the company posted a $6,2 million profit. Basic earnings per share plummeted to 0,80c from 2,81c. Growth in net earned premium and hotel revenue saw the group's revenue climb to $72 million from $67 million. The group's investment income was also cut by half to $3 million on the back of the lacklustre performance of the local bourse. The group's offshore operations which include hotels and insurance in Botswana and Uganda, continued to outshine local units as seen by growth in after tax profit which rose to $4,4 million from $3,6 million. TA's local units however slid into a $1,1 million from a $2,6 million profit achieved in prior comparative year. Net claims during the period under review rose to $22 million from $19 million recorded in the comparative prior year. Gross written premiums for Zimnat Life, the group's local insurance arm rose by 59% compared to the same period last year largely as a result of an increase in individual life and employee benefits business.

Notwithstanding this, an improved revenue per available room saw Cresta Zimbabwe grow its profit before tax. The group also announced that plans are underway to refurbish Sprayview Hotel as it positions ahead of the United Nations World Tourism Organisation General Assembly to be jointly hosted by Zimbabwe and Zambia this August. Sable chemicals and ZFC, the group's agrochemicals units, both incurred losses citing low production of ammonium nitrate and liquidity constraints. "Ammounium nitrate production was 28% lower than what was produced largely due to . . . the suspension of electricity supply in the first half of the year, together with consequential mechanical breakdowns," said the company in a statement accompanying the audited financial results. "Overall the company lost 124 days of production due to this event. Liquidity in the agricultural sector contributed during the year which meant that there was insufficient working capital to import the required volumes of ammonia." *(News Day)*

A UNIT of Toronto Stock Exchange-listed Caledonia Mining Corporation has recorded a 14% growth in gold output for the first quarter ending March 2012 compared to the same period last year on the back of strong prices of the bullion, the company has announced.
In a statement released yesterday, Caledonia mine announced that gold produced during the period under review rose to 10 463 ounces from 9 155 ounces in the first quarter of 2012. Caledonia's president and chief executive officer Stefan Hayden said the daily rate of production achieved in the first quarter was slightly ahead of target. "Gold production reported in Q1 reflects production up to cut-off for the quarter which was on March 26 due to early incidence of Easter and therefore reflects only 84 working days," said Hayden. The group said gold production in the first quarter was subject to minor revisions following the receipt of final assays for the last two deliveries to Rand Refineries. Assays are qualitative or quantitative analyses of a metal or ore to determine its components. The company in January this year said it had plans to increase its annual gold production by 90% to 76 000 ounces in the next three years. Blanket mine annually produces approximately 40 000 ounces of gold. The gold mining company projects its capital investment to be at $37 million between 2013 and 2017 coming from internal cash flows. The company said increased production will come from the first three of Blanket Mine's portfolio of 18 satellite properties that are expected to start production in the fourth quarter of this year. Blanket Mine has 18 satellite properties, the furthest of which is 42km from the mine's Gwanda plant on which there has been some small scale historic gold mining activity. "The eventual rate of production from these properties will be determined by the success of ongoing exploration and mining development work. Production of these properties has not been included in the76 000 ounce gold target as the resources are undefined at present," the company said. *(New Day)*

NMBZ Bank Limited yesterday sealed a US$16,4m debt-equity deal with three foreign investors who have bought a 26,79 percent stake in the Zimbabwe Stock Exchange-listed company. The new investors -AfricInvest, Norfund and FMO - would each inject US$5m for a total of 103 million shares while Norfund will advance a further US$1,4 million as a line of credit. The fresh capital injection is expected to increase the bank's capitalisation to about US$43m as the bank rushes to reach the regulatory minimum of US$50 million by June 2013. The Reserve

Bank of Zimbabwe initially wanted commercial banks to increase capital, in phases, to US$100 million by June 2014, but relaxed the conditions. Banks have now been asked to submit, for consideration by the RBZ, their plans on how and when they would comply with the minimum capital thresholds. NMBZ group chief executive Mr. James Mushore said the bank had presented a recapitalisation plan that would see it reach the US$100 million capital level by December 2015. The fresh capital injection would enable the bank to underwrite more business and enable it to trade into compliance with the June 2013 deadline. "What this means to the bank is that we have almost doubled in size and with that we should now be able to raise more lines of credit," said Mr. Mushore. NMBZ could only raise a maximum of US$15 million equity finance because anything above that would take the level of local ownership above the prescribed levels. The Indigenisation and Economic Empowerment Act stipulates that local shareholders should have a minimum of 51 percent stake in a local company.

Prior to the latest deal, the top five shareholders in NMBZ were Old Mutual (20,93 percent), LES Nominees (14,72 percent) , African Century Financial Services (9,97 percent), Lalibela (7,65 percent) and Alsace Trust (6 percent). Speaking after the signing ceremony, AfricInvest founding partner Mr. Ziad Oueslati said the investment would give the bank more resources to grow. "My first visit to Zimbabwe was in 2009 and we saw a lot of good things; a population that is highly educated and an economy that was starting to grow," said Mr. Oueslati. "At that time we decided that it was about time that we invested in Zimbabwe. Of course, as investors we are looking to generate profits, but what we are looking for, the most, is to impact the local community and the economy." He said the best way to achieve their objective was through investing in a bank and after considering the options, they settled for NMBZ Bank. But he pointed out that while this was their first investment, it was "certainly" not the last. While not ruling out further investment in the financial sector, Mr. Oueslati said they would consider other sectors, such as agri-processing, fast-moving consumer goods and health and education, among others. Mr. Mushore said the investment would enable NMBZ to raise more debt and target sectors of the economy that for a long time had been neglected. He said the bank would increase its funding to small to medium enterprises, adding that with longer term lines of credit they would also be able to fund agriculture and mining, which cannot be financed from short-term funds. AfricInvest, a Tunisian private equity firm; FMO, a Dutch development financial institution; and Norfund, a Norwegian investment fund for developing countries; would each get an 8 percent stake in NMBZ Bank Limited.*(Herald)*

Economic News

ZIMBABWE Stock Exchange-listed companies may be forced to make more disclosures or republish their financial results for the just ended reporting season as the equities market regulator pushes for more reforms on the local bourse. Sources close to the developments said the Public Accountants and Auditors Board and the ZSE monitoring panel were currently reviewing financials for companies which announced year-end or half year results for the period ending December 31 2012. Nearly 20 companies out of the over 30 companies that published results, according to sources, will be sampled to establish whether they made full disclosures which also include the auditor's opinion. Disclosures were crucial in assisting outside reviewers of financial information for the purpose of making investments in the business. This came after the Securities Commission of Zimbabwe raised concerns that some publicly-owned companies were withholding critical information from investors. SECZ chief executive officer Tafadzwa Chinamo could not be reached for comment at the time of going to print. But the source close to the development said "The PAAB has indicated that in the next three weeks it would have completed reviewing results for companies which published financials for the period ending December 31 2012. "The board would then advise the ZSE on whether the companies met the minimum required reporting standards. Those companies that fail to meet these standards may either republish the results or correct the anomalies in the next set of results depending on how off they would have missed the mark." SECZ has in the past said there is need to balance ethics, self-policing and regulation to ensure the success of the country's capital markets. Last November, Chinamo said the commission was concerned with the reluctance by some listed companies to announce looming going concern crises which often prejudiced investors. Official statistics indicated that the ZSE has currently being driven mainly by large-cap counters and a handful of mid-cap counters. Penny stocks continued to struggle mainly due to weak shareholder support and undercapitalisation. *(Newsday)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

ZIMBABWE's rapid economic growth since dollarisation in 2009 has confounded Western economic analysts in trying to explain the factors behind its sustained bullish economic performance, despite it being rated poorly by global institutions. Between 2009 and 2011, Zimbabwe's Gross Domestic Product growth has averaged an impressive 7,3 percent, making it one of the world's fastest-growing economies. Yet World Bank governance indica-tors on doing business place Zimbabwe among the world's worst, and the Fraser Institute's "Economic Freedom of the World" index ranks it as one of the world's least economically free countries. Zimbabwe's strong economic performance coincides with its January 2009 adoption of the US dollar and South African rand as its official currencies, which ended hyperinfla-tion, stopped the decline and stabilised the economy. "Yet dollarisa-tion doesn't explain why the country has been growing faster than Hong Kong, a territory with a stable currency and one of the freest econo-mies in the world," said the Cato Institute, a US libertarian think tank, in its recent research report, conveniently titled "Zimbabwe, Why Is One of the World's Least-Free Economies Growing So Fast". Zimbabwe's dollarisation was accompanied by three significant economic developments, none of which the institute believes will foster growth in the long-term. First, between 2009 and 2011, two-thirds of Zimbabwe's nominal GDP growth was the result of increases in Government expenditures, aug-mented by disbursements from the In-ternational Monetary Fund and Chinese loans. The institute's report claims that the second reason is that rich Western countries dramati-cally increased their infusions of "off-budget" grants to Zimbabwe, and this foreign funding now accounts for nearly nine percent of Zimbabwe's GDP.

"Thirdly, Zimbabwe's economy is becoming increasingly dependent on the production and export of raw mineral commodities and tobacco, which have experienced rapid worldwide price increases. Zimbabwe's recent growth rates do not ac-curately reflect its long-term economic pros-pects," said the report. Zimbabwe's economy has been growing faster than Hong Kong's, the traditional bas-tion of free-market capitalism. But Zimbabwe's GDP growth between 2009 and 2011 averaged an impressive 7,3 percent, in-cluding 9,3 percent in 2011. By comparison, Hong Kong's economy grew 5 percent in 2011. Given its perceived stature and poor rating in the world in terms of doing business environment, Zimbabwe's rapid growth seems a puzzling reversal after nearly a decade of economic contrac-tion. To be fair, the country is better off than it was four years ago. Its tourism is increas-ing, its education and health care systems have improved, and its markets are stocked with goods," the report says. The rapid economic growth began with its adoption of the US dollar and South African rand as the official currencies, now commonly and officially known as the multi-currency regime, in early 2009. The change replaced Zimbabwe's hyperinflation decimated cur-rency and swiftly quelled the rampant hyper-inflation of previous years. Farm yields have increased as well, although they are still far below 1990s agricultural output levels and are insufficient to feed the popula-tion. Since 2000, Western rating economic and governance institutions have consistently conferred Zimbabwe with the rank of one of the world's least economically free countries, most notably the Canada-based Fraser Institute.

In 2009, Zimbabwe was dead last on Fraser Institute's list, while in 2010 it ranked 142nd out of 144 countries. The Fraser Institute states that the cornerstones of eco-nomic freedom are "personal choice, volun-tary exchange, freedom to compete, and se-curity of privately-owned property". Among the reasons for Zimbabwe's poor ranking are alleged to be poor property rights protection, high tar-iffs on imports, a bloated public sector, difficulty in starting a business, and stringent hiring and firing laws. In addition, its overall average score on three World Bank governance in-dicators, "control of corruption," "rule of law," and "quality of governance" - have been conveniently downgraded in recent years. Zimbabwe's rapid growth does put it in the recent company of some other sub-Sa-haran African countries. An analysis by The Economist finds that between 2001 and 2010, six of the world's 10 fastest-growing econo-mies were in sub-Saharan Africa. Dubbed the "Lion Kings," these countries included An-gola, Chad, Ethiopia, Mozambique, Nigeria, and Rwanda.
Over that decade, their annual GDP growth averaged between 7,9 and 11,1 percent, but in2011 Zimbabwe out-performed all of them. "If we accept that economic freedom, sound institutions, and secure property rights encourage economic growth, then Zimbabwe's growth looks aberrant," the Cato Institute's said in its report.*(Herald)*

ZIMBABWE has stepped up efforts to promote the use of ethanol blend by approving the new ethanol blend E85 that is suitable for flexi fuel vehicles only as the cost of fuel continues to rise. The E85 blend contains 85% ethanol and 15% unleaded petrol and is suitable for flexi vehicles. Flexi fuel vehicles are designed to run on more than one fuel for example petrol blended with ethanol. They are used mainly in Canada, Brazil, Europe and Sweden. The move, according to industry experts, should result in the reduction of the price of fuel. On average petrol costs between $1,51 and $1,59 per litre. Last month, Finance minister Tendai Biti hiked excise duty on diesel and petrol by 20% and 25% respectively. In a statement yesterday the Zimbabwe Energy Regulatory Authority (Zera) said the Ministry of Energy and Power Development, after consultations, gazetted Statutory Instruments 23 of 2013 which specify the quality of E85 and other fuels that may be used in Zimbabwe. "The Zimbabwe Energy Regulatory Authority has approved the introduction of a new ethanol blend fuel E85 in Zimbabwe. The quality specification of E85 conforms to Standard Association of Zimbabwe Standard ZWS964 Part 4 and is based on internationally recognised quality standards for this type of fuel," said Zera. "Zera fully supports the use of bio ethanol blends which reduce environmental emissions as well as enhance energy scrutiny and this is in line with government policy which envisages increased bio fuels uptake in the immediate future". The approval follows the gazetting of 5% mandatory blending on petrol by government resulting in the production of E5 by licensed ethanol blenders' countrywide. When the government gazetted the adoption of E5, it was expected that it would reduce the country's import bill by $2 million monthly. Zimbabwe imports between 30 to 40 million litres of petrol every month. He said the benefit of the mandatory blending would trickle down to the motorists on the road, who will cumulatively enjoy significant savings. *(News Day)*

THE Securities Commission of Zimbabwe (SECZ) has ordered the transfer of all unclaimed shares locked in nominee accounts that were previously held by brokerage firms to licenced custodians. According to a notice issued by the equities market, shares that were held by the country's 17 brokerage firms will, with immediate effect, be held by either Old Mutual Custodial Services or ZB Custodial Services. This, according to SECZ, followed a directive that was issued by the Commission on August 29 2012 to all securities dealing firms instructing them to register all securities in the names of their respective beneficial owners and subsequently delivering the securities to the owners. The directive was triggered by an investigation which revealed that "a substantial number of shares remains unclaimed and unidentifiable with the relevant beneficiary owner". A nominee account is a type of account in which a stockbroker holds shares belonging to clients, making buying and selling those shares easier. In such an arrangement, shares are said to be held in street name. "The Securities Commission of Zimbabwe advises members of the public that all share certificates that were previously under the custody of securities dealing firms that were not collected have now been transferred to licensed custodians," reads the notice in part. "The securities that remained unclaimed were handed over to Old Mutual Custodial Services and ZB Custodial Services for safekeeping, pending collection by the rightful owners. "Members of the public who invested in shares, but did not collect their share certificates from the securities dealing firms listed here in under are advised to collect them from the reflected respective custodian. It is only the proven owners of the shares that will be permitted to collect or retrieve the share certificates from the custodians." Last November, SECZ transferred all stocks that were being held by the now defunct New Africa Securities to the Zimbabwe Stock Exchange and respective investors after it became apparent the brokerage firm would fail to resume operations following its suspension. *(News Day)*

INDIA'S Minister of Steel, Shri Beni Prasad Verma, met his Zimbabwean counterparts this week and offered to help the country exploit its vast iron ore reserves as well as develop the local steel industry. Verma, who arrived in Harare on Monday, held meetings with Industry and Commerce Minister Welshman Ncube, Mines Minister Obert Mpofu and Tourism Minister Walter Mzembi. Speaking after the meetings Verma said: "Zimbabwe has large reserves of low grade iron ore, the Indian steel industry can be a partner in developing and gainfully utilising these resources." "The visit will strengthen relations between the two countries and give thrust to the possibility of exploration and development of mineral assets." Verma's visit came as the US$750 million takeover of the mothballed Ziscosteel by India-based Essar Holdings remains stalled over the transfer mineral resources to Essar. The deal was expected to help revive the Redcliff-based steelmaker which stopped production in 2009, pushed to the wall by massive debts, poor management and undercapitalisation. Mpofu has blocked the deal which was negotiated by Ncube, arguing that the mineral resources were undervalued. Zisco's iron ore reserves were one of the key attractions for Essar which has since announced plans to build a terminal in Mozambique to facilitate the export of surplus production from reserves at Ripple Creek and Mwanezi. The initial deal had given Essar 54 percent of the steel mill at Redcliff and an 80 percent interest in a separate unit that would operate the mines. *(New Zimbabwe)*

VICTORIA Falls Airport is set to undergo a US$200 million upgrade in a development expected to enable international airlines to fly direct to the resort town. The project will be developed over two years with funding provided by China's the Export-Import Bank, officials confirmed this week. Zhu Haifeng, a representative of the Jiangsu International Economic and Technical Cooperation Group, which is managing the revamp, said the project would, among other things, see the expansion of the airport's runway as well as the construction of a new terminal. Civil Aviation Authority of Zimbabwe chief executive, David Chiwota, said the upgrade would enable the airport's runway to accommodate wide-body aircraft like BOEING B747-400s and Airbus A340s with the passenger handling capacity increased from 500,000 to 1.5 million annually. He added that global carriers such as KLM and Emirates had already expressed intentions to launch long-haul international flights to the resort, instead of commuting via Harare. Victoria Falls is the country's premium attraction but tourist inflows have, over the recent years, increasingly been undermined by transportation bottlenecks; it is more than ten hours to drive from Harare and the tiny Victoria Falls airport serves only small regional jets from Harare and Johannesburg. Authorities expect tourism help boost an economy now largely sustained by mining and agriculture. Zimbabwe and Zambia will co-host the United Nations World Tourism Organisation (UNWTO) summit this August at Victoria Falls. Organisers say the meeting will be a rare chance to showcase the country's tourism.*(New Zimbabwe)*

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